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CONTENTS

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NATIONAL AFFAIRS

Political & Social

Li Ruihuan Writes Inscription for Ideology Books [XINHUA]	1
Article Examines Method to Eliminate Bureaucratism [GUANGMING RIBAO 20 Nov]	1
CPPCC Forum on Improving Motions Ends 16 Dec [XINHUA]	2
UN-Sponsored Survey Shows Contented Children [XINHUA]	3

Science & Technology

State To Subsidize Planned Research Projects [XINHUA]	3
Value Engineering Applied in Enterprises [XINHUA]	4
Scientific Expedition of Western Pacific Ends [XINHUA]	4
High Technology Industries Improve Nation [XINHUA]	4
State Studies Geological Disaster Prevention [CHINA DAILY 6 Dec]	5

Military

Deng Writes Title of Military Encyclopedia [XINHUA]	5
Computer Language Program Developed [Beijing TV]	6
Analogue Bomber Used For Training Purposes [JIEFANGJUN BAO 21 Nov]	6
Article Opposes Separating PLA, CPC [JIEFANGJUN BAO 21 Nov]	6
Commentator Urges PLA Role in Economic Work [JIEFANGJUN BAO 23 Nov]	8

Economic & Agricultural

Articles Discuss Decline in Foreign Trade [JINGJI GUANLI No 10]	9
Special Economic Zones Maintain Momentum [CHINA DAILY (BUSINESS WEEKLY) 11 Dec]	12
Township Enterprises Play 'Important' Role [XINHUA]	13
Article Discusses Industrial Growth Decline [JINGJI RIBAO 15 Nov]	14
Austerity Program 'Has Not Caused Stagflation' [XINHUA]	15
Austerity Program To Continue in 1990 [CEI Database]	15
Moderate Economic Growth Hoped for 1990 [Hong Kong SOUTH CHINA MORNING POST 19 Dec]	15
Article Views Guidelines for Steady Development [JINGJI CANKAO 21 Nov]	16
Article Urges Technological Transformation [RENMIN RIBAO 27 Nov]	18
Anshan Iron, Steel Works Highly Commended [RENMIN RIBAO 24 Nov]	20
Minister Promises To Emphasize Transportation [CHINA DAILY (BUSINESS WEEKLY) 11 Dec]	20
Roundup Views Rural Industry Development [XINHUA]	21
More Rural Enterprises Shut Down [CEI Database]	22
Peasants Call for Stable Rural Policies [RENMIN RIBAO 4 Dec]	22
Agricultural Development Measures Proposed [XINHUA]	24
Article Discusses Protecting Farmland Quality [RENMIN RIBAO 29 Nov]	25
New Kinds of Farm Contracts Emerge [CHINA DAILY 16 Dec]	27

Political & Social

Li Ruihuan Writes Inscription for Ideology Books

OW0312023089 Beijing XINHUA Domestic Service
in Chinese 1202 GMT 1 Dec 89

[By reporters Li Chunlin (2621 2504 2651) and Li Hengjuan (2621 1854 1227)]

[Text] Beijing, 1 Dec (XINHUA)—A ceremony for the first distribution of "A Series of Books on the Art of Contemporary Ideological Education" was held in Beijing today. The series was compiled by the Liaoning "Communist Party Members" Journal and the China Educational Art Research Society.

The series include 25 books. The three books distributed today are "The Quintessence of Dialogues on Ideological Education," "The Selected Speeches on Ideological Education," and "Out of Bewilderment." The publication of the entire series will be completed in the first half of 1991.

"A Series of Books on the Art of Contemporary Ideological Education" has never been published before and this is a large collection of books on ideological education rarely seen in recent years. The articles in those books are selected by Liu Ji, Qu Xiao, and others. The series is to systematically introduce the abundant achievements in conducting ideological education since the 3d Plenary Session of the 11th CPC Central Committee; provide theoretical guidance for workers of ideological education in seeking new, perfect, and lively methods in their work; and promote exploration in the art of conducting ideological education and the establishment of a scientific system for conducting ideological education.

Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee, wrote the following inscription for the book series: "Be faithful to Marxism, be dedicated to the Chinese people, and struggle for the ideological emancipation of the mankind."

Wang Shoudao, Wang Renzhong, Deng Liqun, Yuan Baohua, and Zeng Zhi attended today's ceremony.

Article Examines Method to Eliminate Bureaucratism

HK1112083089 Beijing GUANGMING RIBAO
in Chinese 20 Nov 89 p 3

[Article by Ouyang Bin (2962 7122 2430) and Zhang Qingshan (1728 7230 1472): "Perfecting the System of Socialist Public Ownership Is the Basic Guarantee for the Elimination of Bureaucratism"]

[Text] To negate the system of socialist public ownership, those engaging in bourgeois liberalization say with ulterior motives that the system of public ownership is the soil and hotbed of bureaucratism, and they call for

the abolition of socialist public ownership in the name of opposing bureaucratism. This is extremely wrong both in theory and in practice.

From the historical perspective, the system of private ownership is truly the soil of bureaucratic politics. As everyone knows, bureaucratism did not originate from socialist countries, but from the society of private ownership. By bureaucratism we mean a system, idea, and style of divorcing from the masses and acting arbitrarily. It was impossible for bureaucratism to come into being in the primitive society of public ownership. Following the emergence of private ownership, the slave-owner class grasped the means of production, making it possible for them to become "masters" transcending the people. As a result, a bureaucratic system divorcing from and oppressing the people took shape. The system of private ownership further developed in the feudal society: On the one hand, the wealth was highly concentrated in the hands of the landlord class; on the other hand, the peasants were in an extreme state of decentralization. Given this condition, a more typical kind of bureaucratic politics took shape. Although the bourgeoisie overthrew the feudal autocratic system, the bourgeois bureaucratic politics was still built on the basis of capitalist ownership. We can thus see that bureaucratism and the society of the private ownership of the means of production have inherent, natural links and that the system of private ownership is truly the soil and hotbed of bureaucratism.

Due to the influence of feudalism, the bureaucratic style has not been completely eliminated in actual socialist practice, but this phenomenon does not have any natural link with the system of socialist public ownership. First of all, bureaucratism is closely linked to the highly centralized management structure. 1) The phenomenon of overconcentration of power in the hands of an individual or a few people, the inability of the majority of people handling affairs to decide anything, and the excessive burden of a small number of people having power can easily lead to a bureaucratic style characterized by a few people standing high above the masses, abusing power, and divorcing themselves from the masses. 2) The lack of strict administrative rules governing leading organs at all levels from top to bottom and of an individual responsibility system has led to such bureaucratic phenomena as procrastination, inefficiency, irresponsibility, and mutual shifting of responsibility onto others. Failure to uphold the cadre appointment and selection system consistently has resulted in unwieldy and overstuffed institutions, conventionality, and ideological rigidity, and hence the emergence of bureaucratic phenomenon. Therefore, the highly centralized management structure is an important cause of bureaucratism. Secondly, this bureaucratism has a natural link with the effect of traditional natural economy. When analyzing why bureaucratism emerged and multiplied in Russia, Lenin pointed out that "the undisciplined and scattered state of the small producer with his poverty, illiteracy, lack of culture; the absence of roads

and exchange between agriculture and industry; and the absence of connection and interaction between them" ("Selected Works of Lenin," Vol 4, p 526) are also a cause of bureaucratism. There are similar cases in our country. China went through a long period of feudalism in which the self-sufficient natural economy occupied a dominant position. Since the founding of New China, we have not concentrated on vigorously developing the socialist commodity economy; the authority of the patriarchal system and imperial power are still fairly serious among people. They often take an indifferent, tolerant attitude toward the abnormal conduct of some people, such as corruption, degeneration, and oppression of the common people, and drift along. The rampant spread of the leftist trend of thought has even resulted in administrative power directing everything and in a patriarchal relationship, personal appendage, and hierarchy. As a result, the phenomena of depriving people of their economy and exercising political coercion happen from time to time.

We can thus see that some bureaucratic phenomena in the socialist society are not caused by the system of socialist public ownership. On the contrary, perfecting the system of socialist public ownership is the basic guarantee for the elimination of bureaucratism. Moreover, the system of socialist public ownership has also entrusted us with the historical mission of eliminating bureaucratism.

First, the system of socialist public ownership is an economic system under which the masses of the people are masters of their own affairs; it is the economic base of the socialist democratic system. Since all the people own the means of production economically, they are bound to demand extensive democratic rights politically and want to administer state affairs. "Only when all residents take part in management work is it possible to wage a thorough struggle against bureaucratism and completely vanquish it." ("Selected Works of Lenin," Vol 3, p 788)

Second, the system of socialist public ownership provides favorable conditions for the development of modern mass production. The contradiction between socialization of production and private possession of the means of production is an inherent one in the capitalist society. There is an inherent, natural link between the system of public ownership and the development of socialized mass production. The establishment of the system of socialist public ownership has lent wings to socialized mass production. For a long time, fettered by the outdated rigid structure, the superiority of public ownership has not been brought into full play. With the advance of economic restructuring, the system of socialist public ownership will increasingly stimulate the development of socialized mass production. As a progressive mode of production which calls for democracy and discards autocracy, the socialist socialized mass production is essentially incompatible with bureaucratism, and its development will certainly push forward the process of China's socialist political democratization.

Third, the system of socialist public ownership is an effective lever for building a highly effective clean government. While jointly sharing ownership of the means of production, the masses of the people will surely call for equal rights in economic, political, cultural, and social life. They will not allow privileges and such conduct as corruption, degeneration, and the practice of accepting bribes for the benefit of relatives or friends and perversion of justice for a bribe. Moreover, as determined by the system of socialist public ownership, the aim of socialist production is to meet the needs of the people's material and cultural life. To this end, it is necessary to raise labor productivity substantially. Correspondingly, this makes it necessary for government institutions to give flexible commands, expedite operations, and work with high efficiency.

In short, the establishment and perfection of the system of socialist public ownership is the basic guarantee for the elimination of bureaucratism. To genuinely accomplish the task of eliminating bureaucratism, it is essential to vigorously develop social productive forces, reform and perfect the specific systems of socialism, strengthen the building of the legal system, step up work in the ideological field, wipe out the influence of the vestiges of feudal ideas, and thus create conditions for the elimination of bureaucratism in all aspects.

CPPCC Forum on Improving Motions Ends 16 Dec

OW1812133989 Beijing XINHUA Domestic Service
in Chinese 1319 GMT 16 Dec 89

[Text] Beijing, 16 Dec (XINHUA)—The national CPPCC [Chinese People's Political Consultative Conference] forum on its motions ended today. It pointed out: The CPPCC must strive to strengthen its work regarding motions, improve the quality of the motions, and do an increasingly better job in improving the economic environment, rectifying the economic order, deepening reform and serving socialist construction.

Attending today's forum were vice chairmen of the National CPPCC Committee Fang Yi, Ma Wenrui, and Cheng Siyuan. Peng Youjin, vice chairman of the CPPCC Motions Committee, gave a summation report.

It was decided at the forum that the work of putting forward motions by CPPCC members is one of the important channels through which leading party and government organizations are able to listen to views from all sectors of life and implement its democratic policy decisions. It is an important path for the national CPPCC members to participate in the discussion and administration of state affairs. The CPPCC motions are of far-reaching significance in advocating the four cardinal principles, improving the economic environment, rectifying the economic order, deepening reform, maintaining stability and unity, and promoting socialist democracy and legal system.

It was decided that in recent years, the motions to the national CPPCC committee have been greatly improved in terms of quality. The majority of the motions have played a significant role in promoting actual work for the CPPCC. The CPPCC committees at various levels keep in close touch with reality and strive to improve the quality of their motions and ensure that such motions are enforced seriously, reasonably, and with a scientific approach.

The forum hoped that the national CPPCC committee members and CPPCC members at all levels will provide the necessary supervision and conduct criticisms over the erroneous activities of various departments and localities that are in violation of the decisions made by the Central Committee. The supervision will extend to having the members write to the national CPPCC committee or even directly to the CPC Central Committee and the State Council. The CPPCC committees at all levels must continue to give full play to democracy, improve their motions, and bring into full play the role of the CPPCC motions.

UN-Sponsored Survey Shows Contented Children

OW0712043089 Beijing XINHUA in English
1643 GMT 6 Dec 89

[Text] Beijing, December 6 (XINHUA)—Most of the 300 million children in China today are healthy, well developed, and live happily. They enjoy a good living environment, medical care, and education.

This was the conclusion drawn from a 5-year sampling survey coconducted by the State Statistic Bureau (SSB), United Nations International Children's Emergency Fund (UNICEF), and 5 Chinese ministries and civil organizations.

The survey covered more than 230,000 children aged from 0 to 14, in 9 municipalities, provinces, and autonomous regions. The survey includes these children's growth and development, feeding, social environment, family conditions, medical care, and physical conditions.

The result of the survey shows that more than 97 percent of the children live in harmonious families with both parents. Material and housing conditions of most of their families have been improved. With the betterment of economic conditions, more and more families have bought radio, recorder, and telephone, which help to develop children's intelligence.

Of the 1,062 villages and neighbourhood committees covered in the survey, more than 91 percent have an elementary school, about 88 percent have hospital, clinic, village doctors, or medics.

Today, 77 percent of children between 6 and 14 are able to receive education in safe, bright, and clean classrooms and from qualified teachers.

Statistic figures show that more and more children between 0 and 5 can go to kindergarten. In cities, 39 percent of the children can receive preschool education, 6.8 percent higher than the figure in 1983. In rural areas, where preschool education has been impossible, 6.7 percent children can go to kindergarten.

The survey also shows that Chinese children are physically well developed. Most children are in good health condition. The rate of sick children is very low.

The sampling indicates that since the implementation of birth control policy, the child population is decreasing compared with the whole population.

Despite all the above mentioned improvements, the survey also discovered some problems. For example, the overall standard of preschool education is still very low, medical and health care facilities are comparatively backward in rural areas where more than 80 percent of children in China are living.

Science & Technology

State To Subsidize Planned Research Projects

OW1912064689 Beijing XINHUA Domestic Service
in Chinese 0531 GMT 13 Dec 89

[By reporters Zhuo Peirong (0587 1014 2837) and Jiang Zaihong (1203 0961 1813)]

[Text] Beijing, 13 Dec (XINHUA)—The State Natural Science Foundation Committee recently decided that the state would subsidize 85 major basic research projects in the Eighth 5-Year Plan period, and announced the requirements and procedures for receiving the subsidies.

Work on organizing major basic research projects began in the Seventh 5-Year Plan period. Now, the State Science Foundation has approved and appropriated nearly 100 million yuan for 66 major projects of the Seventh 5-Year Plan, which consist of 460 research topics. All these projects are of great scientific significance, have clearly-defined objectives and sound research foundations, and are expected to yield breakthrough results.

To ensure that major efforts are continued on key basic research projects, the State Science Foundation has decided that the scale of major research projects to be subsidized by the state in the Eighth 5-year Plan period will be basically the same as that in the Seventh 5-Year Plan period. The major consideration of the State Science Foundation in deciding projects to receive subsidies is aimed at encouraging research in the latest scientific topics and projects which have prospects of wide application, especially major scientific research projects concerning the national economy and people's livelihood, such as agriculture, energy, natural resources, environment, and demography.

The State Science Foundation also has decided to accept, for the first time, applications from across the country for subsidies for major projects of the Eighth 5-Year Plan period. Scientists and technical workers with appropriate qualifications may submit applications in accordance with announced requirements and procedures.

Value Engineering Applied in Enterprises

OW3011121589 Beijing XINHUA Domestic Service
in Chinese 0002 GMT 19 Nov 89

[By reporter Zhang Gaopeng (1728 7559 7720) and correspondent Shen Zhuzhao (3088 4555 2156)]

[Excerpts] Shanghai, 19 Nov (XINHUA)—Value engineering, a science of modern management, is being popularized in and applied by tens of thousands of industrial and communications enterprises in our country as an important means to improve their economic results.

According to the first national forum on the popularization and application of value engineering recently held in Shanghai, statistics compiled by 2,000 large and medium-size machine-building enterprises showed that they had gained more than 1 billion yuan of direct economic results by popularizing and applying value engineering in recent years.

Value engineering, a science of economic-technological management, came into being in the United States. It plays an important role in improving product quality, lowering material consumption, and increasing the economic results and social effects of an enterprise. It was introduced into our country in 1978. [passage omitted]

Viewing from the situation in which value engineering is popularized and applied in various parts of the country, this science is now mainly used to improve product designing, develop new products, and improve technological processes and the construction of some projects.

Scientific Expedition of Western Pacific Ends

OW1711201289 Beijing XINHUA in English
1542 GMT 17 Nov 89

[Text] Guangzhou, November 17 (XINHUA)—China's scientific expedition ship "Shiyan (Experiment)-3" returned here today ending a 5-year scientific study of the Western Pacific Ocean.

Since 1985, six Chinese scientific organizations, including the Institute of Oceanography of the South China Sea under the Chinese Academy of Sciences and the Beijing Institute for the Study of the Atmosphere, jointly sponsored the expedition, sent teams to study the interaction of the ocean and the atmosphere, annual climatic changes, and the formation of the global climate and China's climate.

During the 5 years, Chinese scientists made five expeditions to the western Pacific. They spent more than 200

days and covered a total distance of more than 38,700 nautical miles to set up about 400 observation posts and gather information about the atmosphere in that area.

After careful study, the scientists have determined that the sea area which influences the global climate is the western Pacific and not the eastern Pacific as some scientists believe.

The western Pacific Ocean has strong solar radiation, and the water there absorbs a great deal of thermal energy. Due to its unique atmosphere and many other factors, the area is the origin of typhoons, which directly influence annual changes in the global climate and China's.

The scientists found that the "El Nino" phenomenon, which affects changes in the global climate, is closely related to the western Pacific Ocean.

In the "pre-El Nino" period, the water temperature there suddenly rises. During the "El Nino" period, the warm water layer in that area becomes very thin. After the "El Nino" period, the warm water layer in the area becomes thicker and shows clear movement to the east.

The scientists also found that the "El Nino" has an action cycle of 30 to 78 months.

The exploration of the western Pacific by Chinese scientists has attracted world attention. Scientists in some countries have shifted their focus to the western Pacific Ocean, and are exchanging research materials with Chinese scientists.

Chinese scientists will carry out further systematic studies on the material and data obtained from these expeditions in a bid to discover the natural law that controls changes in the global climate and the climate of China.

High Technology Industries Improve Nation

OW0312121589 Beijing XINHUA Domestic Service
in Chinese 0031 GMT 23 Nov 89

[By reporters Fang Fang (2075 2455) and Zhang Huchen (1728 5706 5256)]

[Text] Guiyang, 23 Nov (XINHUA)—After years of construction and development, China's high technology industries have begun to take shape and are becoming a driving force to increase China's comprehensive national strength. This has been learned from the third national seminar on the development of China's high technology industries being held in Guiyang.

The development of high technology industries in China began in the 1950's. In almost 40 years, China has already established high technology industries, including those of aviation and space flight, nuclear power, microelectronics and computers, bioengineering, photoelectronics and communications engineering, exploitation of ocean resources, new materials, and high precision

instruments. China has laid a foundation for high technology industries in relatively wide categories. In 1987, the production value of China's high technology industries reached more than 70 billion yuan. In 1988, the industrial production value of the electronics industry alone reached nearly 50 billion yuan. Mainly relying on its own strength, China has achieved some research results in the past 40 years which have attracted world attention. These results include the successful tests of atomic and hydrogen bombs, launches of satellites and nuclear-powered submarines, synthetic crystalline bovine insulin, successful development of large-scale computers, precise location of communications satellites, development of high temperature superconducting materials, and the building of the electron-position collider. With the development of high technology industries, China has a contingent of 3 million high technology industrial workers at present, including nearly 400,000 scientific and technological personnel.

In recent years, a group of high technology industrial conglomerates has appeared, demonstrating marked collective advantages. The Panda Electronics Conglomerate, formed in 1987, has fixed assets of 1.4 billion yuan and 120,000 workers and staff members. Its production value and profits and taxes are about one-eighth those of China's electronics industry.

China has also established a group of high technology development areas. In addition to the new technology development zone in Beijing's Zhongguang Village, industrial zones which have begun to take shape or are under construction include the Nankai Scientific Industrial Zone in Tianjin, the Shenzhen Scientific Industrial Zone, the Xiamen High Technology Industrial Zone, and the Wushan Scientific and Technological Development Zone in Guangzhou. The construction of these zones has helped to transform the research results of scientific research organs and colleges and universities into products and to provide intellectual support for the development of high technology industries.

State Studies Geological Disaster Prevention

HK0612015689 Beijing CHINA DAILY in English
6 Dec 89 p 1

[By staff reporter Gu Chengwen]

[Text] The Chinese Government is stepping up efforts to monitor and prevent geological disasters such as landslides, mud-rock flows and collapses, according to an official with the Ministry of Geology and Mineral Resources.

These geological disasters occur mostly in the country's west, while in eastern China, the main problem is subsidence, said Chu Zhanchang, a ministry official in charge of geological disaster work.

Chu said a general survey is being carried out about potential disasters around big rivers, trunk transportation lines, important cities, major construction projects and special economic zones and densely populated areas.

At the same time, governments at all levels are joining their efforts in establishing a national forecasting network.

Chu said people are alert of earthquakes, but do not pay as much attention to other geological problems which are causing bigger and bigger losses.

That's why the central government assembled representatives from 16 ministries and departments under the State Council to form a national geological disaster research centre, he explained.

Chu said about 1 billion yuan has been spent in the past 40 years to repair railways damaged by geological disasters in western China's mountainous areas.

In Yunnan Province alone, 1,097 places have been found threatened by collapses and landslides. And 155 mud-rock flow routes have been traced in surveys of recent years.

The planned Three Gorges reservoir zone on the Yangtze River will possibly be hit by 263 collapses and landslides.

Chu said that 50 to 60 percent of the accidents have man-made causes. These include a lack of geological feasibility studies before launching construction projects, damage to vegetation, excavations at the site of potential landslides and overpumping of underground water.

The situation is especially grave where rural communities have undergone rapid urbanisation, as an increasing number of counties have been upgraded to cities in recent years.

Chu said the lack of special funds for implementing preventive measures is another major reason for the situation.

The State spends huge amounts each year on relief efforts.

But these disasters and their costs could be sharply reduced if money were spent instead on preventive projects, Chu said.

He put the ratio at one yuan for prevention of disasters against six yuan for repair and relief after a disaster.

Military

Deng Writes Title of Military Encyclopedia

OW1711151589 Beijing XINHUA Domestic Service
in Chinese 1157 GMT 16 Nov 89

[Text] Beijing, 16 Nov (XINHUA)—The committee for compiling an encyclopedia of Chinese military affairs

held its first meeting today. According to the meeting, the compiling of China's first "Encyclopedia of Chinese Military Affairs" has proceeded smoothly. Comrade Deng Xiaoping recently wrote the title for the book.

An encyclopedia of military affairs for professional use, the "Encyclopedia of Chinese Military Affairs" will give a comprehensive and systematic account of knowledge of military affairs in various fields and will be an important theoretical work for guiding China's defense modernization. It will also raise the Chinese Army's military and political quality and scientific and technical levels. With the approval of the Central Military Commission, the compilation of the book was begun in 1986 and is expected to be completed in 8 years. The book will contain 57 subjects, including the military theories of Marx, Engels, Lenin, and Stalin; Mao Zedong's military thinking; military thinking of Chinese dynasties; war and strategy, the science of commanding troops; military information science; military laws; military political work of Chinese dynasties; military space technology; history of wars in ancient China; and international rules and regulations for military affairs. So far, 7,000 of the 11,000 entries have been completed, and more than half of the subjects have been compiled. Supplements for a few subjects will be published soon.

The Central Military Commission has designated publication of a series of specialized military books as an important research task of the Army. The series will consist of seven categories, namely, the encyclopedia of military affairs, handbooks, dictionaries, collections of books, reference books, special pictorials, and annuals.

Computer Language Program Developed

OW1412115989 Beijing Television Service
in Mandarin 1100 GMT 11 Dec 89

[Announcer-read report over video; from the "National News Hookup" program]

[Text] [Video opens with shots of a red banner hanging across a room and reading "Meeting to evaluate the cross compiling and translating system of BISE Ada VAX/GW"; the room has about 100 seated people listening to a man, who is standing and in a military uniform] China successfully developed its first language for writing military computer programs, Ada VAX/GW cross compiling and translating system. Ada, an internationally recognized advanced computer language for writing military programs, is used mainly in the control systems of aircraft, guided missiles, vessels, armored vehicles, and in combat commanding systems. It can also be used as software for major civilian projects in the national economic construction. Ada is developed by the Beijing Systems Engineering Institute under the unified supervision of the Commission for National Defense Science, Technology, and Industry. [While the announcer reads the report, camera shows shots of computer monitors displaying various graphs and characters, of missiles, of

technicians operating computers in a laboratory, and of an airplane dropping several objects from the air]

Analogue Bomber Used For Training Purposes

HK0812152989 Beijing JIEFANGJUN BAO
in Chinese 21 Nov 89 p 3

[Article by Liu Ruizhao (0491 3843 0340): "Brief Introduction: LHM16-I Analogue Pathfinder Bomber of the Air Force Pilots' Institute"]

[Text] Looking out through the window in the pilot cabin, you feel the "aircraft" soaring in the sky: The clouds, hills and rivers are passing by the "aircraft".....It looks like a bird's-eye view on the beautiful land! Is the "aircraft" really flying in the sky? No, it is on the ground and has not moved an inch. It is the analogue pathfinder bomber of the Air Force Pilots' Institute. With its advent, trainees can "fly" without flying in the sky.

This "LHM16-I" analogue pathfinder bomber was jointly designed and developed by vice professors Xu Shuxin and Duanmu Qingyuan and some related departments. The experts believe that the functions of the bomber have reached the national advanced levels.

In the past, the Air Force Pilots' Institute had to spend a large amount of money to train a pilot. They were also limited by time and weather. Trainees could only fly short distances, so the training was not very satisfactory. With this analogue equipment, trainee pilots can better master training lessons such as ground-meter piloting, prediction piloting, radio piloting, punctual arrival, and optical bombing. The analogue equipment possesses high precision and can function 24 hours a day. If we use this equipment in place of the coach aircraft for training, we can shorten the training period, improve the tactical and technical levels of pilots, and reduce the training cost; and the training results are very good.

The experiences gained since this equipment was used confirm that: This is an ideal piece of equipment used as an aircraft in between the coach aircraft and fighter plane. The training results have innovated the training and reflected a breakthrough in the training pattern that has been used for some 30 years, namely "aeronautic theory—the coach aircraft—the fighter plane," changed the training structure, and signified the modernization of training. On August 1987, the analogue bomber won the second class merit for military technology with this comment: "Achieves the analogue bombing training and improves training results." Being a result in the innovation of training, it won the first class merit of the military for assisting in excellent training.

Article Opposes Separating PLA, CPC

HK1212074189 Beijing JIEFANGJUN BAO
in Chinese 21 Nov 89 p 3

[Article by Lin Jiangong (2651 1696 0361): "Refuting the Advocacy of 'Separating the Army from the Party'"]

[Text] A soul-stirring counterrevolutionary rebellion took place in China's capital when spring was changing

into summer this year. On 19 May, the People's Liberation Army [PLA] moved in and was stationed in several areas in Beijing to enforce martial law. On 4 June, they crushed the counterrevolutionary rebellion at a stroke and Tiananmen Square was in the people's hands again. The bloody lesson told us once again that we must consolidate state power by means of revolutionary guns, as we seized state power.

It is for this reason that the enemy at home and abroad has always regarded our Army as "a thorn in their side," unscrupulously fabricated rumors, and viciously sown dissension between the Army on the one hand and the party and government on the other, in a vain attempt to undermine the morale of the Army, split the Army, and seize leadership over the Army. Some people who are in favor of bourgeois liberalization clamorously advocated that the "Army should be depoliticized" and "the Army should not meddle in politics," trying in vain to separate the Army from the party leadership. Su Shaozhi, who stubbornly upholds bourgeois liberalization, has spread such an absurd theory. He said that if the Communist Party is set to introduce reform, it must carry out "five separations," of which one is "to separate the Army from the party." We should thoroughly refute this fallacy.

As is known to all, the CPC's absolute leadership over the Army is a fundamental principle of our Army building and a fine tradition of our party and Army. For our Army, the most important thing to do in upholding the four cardinal principles is to place itself under the absolute leadership of the party. They should obey orders from the Central Committee and the Central Military Commission in all their actions and should not assert their independence. No individuals in the Army are allowed to vie with the party over military leadership and political parties are not allowed to set up organizations and carry out activities within the Army.

The principle of the party exercising absolute leadership over the Army is a product of integrating Marxism-Leninism and Mao Zedong Thought on party building and army building with the concrete practice of the Chinese revolution. The Communist Party is the vanguard of the proletariat. To liberate the proletariat and laboring people, build socialism, and eventually build a communist society, which is our lofty ideal, the Communist Party must found its own Army and exercise absolute leadership over it. Great pioneer of the Chinese revolution, Li Dazhao, personally told Li Yunchang when sending him to Huangpu Military Academy in autumn 1925: "We must take a firm grip on the Army. We can do nothing without the Army!" Comrade Mao Zedong pointed out: "The party is an alliance of classes in the highest form. All other alliances of classes including trade unions, cooperatives, governments (coalition governments), and parties and groups within parliament must accept the party leadership. The CPC was established under this principle." ("Selections of Mao Zedong's Correspondence," p 225) Since the founding of the People's Republic of China, the Communist Party has been the ruling party. The PLA it founded, and over which it exercises leadership, is an army which serves the

people heart and soul and takes Marxism-Leninism and Mao Zedong Thought as its guiding ideology. It is the armed force of the People's Republic of China; that is, it is a state Army. Fundamentally speaking, the Army under the party leadership and the Army under the state leadership are the same Army. The advocacy of Su Shaozhi and his ilk to separate the Army from the party is only a component part of their plot to overthrow the Communist Party leadership in favor of the multiparty system.

The principle of the party exercising absolute leadership over the Army is a matter of primary importance because it has everything to do with the success or failure of the revolution. Not until the Great Revolution in China (1924-1927) did the CPC realize the importance of armed struggle and send a great number of party members in turn to Huangpu Military Academy, the National Revolutionary Army, and the National Army in the north, to carry out political work. The 1 August Nanchang Uprising (1927), which was the first armed struggle under CPC leadership against the Kuomintang, witnessed the start of the CPC independently leading the revolutionary war and founding the Revolutionary Army. In October 1927, the armed forces which had carried out the Autumn Harvest Uprising were reorganized at Sanwan under the leadership of Mao Zedong. It was decided that party organizations would be established within the Army units as follows: Party groups in squads and platoons; party branches in companies; party committees in battalions and regiments; and party representatives appointed at the company level and above, laying an organizational basis for party leadership over the Army. The Gutian Congress, held at the end of December 1929, made a rule that the "Chinese Red Army is an armed group carrying out revolutionary political tasks" and established the principle of CPC leadership over the Red Army. On 5 August 1935, in light of Zhang Guotao's plot to separate the Red Army and the armed forces under his command from the party, the CPC Central Committee clearly pointed out in "The Resolutions on the Political Situation and Tasks after the First and Fourth Front Armies Joined Forces": "The Chinese Workers' and Peasants' Red Army was born and grew only under the absolute leadership of the CPC Central Committee. There would not be any Chinese Workers' and Peasants' Red Army without the CPC. It is necessary to further strengthen the party's absolute leadership over the First and Fourth Front Armies, and improve the party Central Committee's prestige in the Army." During the war of resistance against Japan the General Political Department, in order to ensure the party's absolute leadership over the Eighth Route Army and the New Fourth Army which joined the National Anti-Japanese United Front, pointed out in "The Resolutions on Political Work in the Army for the New Stage": "After reorganization, the basic task of political work in the Army is to ensure the party's absolute

leadership over the Red Army" and "Communist Party members are not allowed to waver on this matter of principle." During China's war of liberation, to strengthen the party's centralized and unified leadership over the Army, Mao Zedong drafted for the CPC Central Committee the resolution "On Strengthening the Party Committee System," which pointed out: "The party committee system is an important party institution for ensuring collective leadership and preventing any individual from monopolizing the conduct of affairs." Therefore, it is clear that the principle of the party exercising absolute leadership over the Army was established and gradually improved in the long-term struggle, is the decisive factor for preserving the proletarian nature of the Army, and is the fundamental guarantee that our Army continues to grow in strength and scores successive victories.

The principle of the party exercising absolute leadership over the Army is also the fundamental guarantee for the lasting political soundness of our Army. The party's history and experience show that Zhang Guotao's political position against the party Central Committee's correct decision to go north to fight the invading Japanese troops, and his conspiratorial activities to split the party and the Red Army organizationally, caused irreparable losses to the Chinese Revolution. In light of this bitter experience, Mao Zedong said: "Our principle is that the party commands the gun and the gun must never be allowed to command the party." (See "Selected Works of Mao Zedong," p 512) The victory scored in the struggle to check the turmoil and put down the counterrevolutionary rebellion this year showed that our Army passed muster in face of the special and formidable struggle. As pointed out by Comrade Deng Xiaoping in his speech when receiving cadres from martial law units in the capital at and above the Army level: "No matter how heavy our losses are, and no matter how the Army rejuvenates itself from generation to generation, this Army of ours will always remain an Army under the leadership of the party, always remain the defender of the country, always remain the defender of socialism, and always remain the defender of the public interest. They are most lovable people!" At present, the Western monopoly capitalist class, taking advantage of the setbacks in the international communist movement and the temporary difficulties encountered by socialist countries in carrying out their development plans, is stepping up efforts to pursue the strategy of "peaceful evolution." Some bourgeois politicians claimed without reservation: The profit from investment in "peaceful evolution" is 100 times that from a direct arms race. They also said that a great mistake for the "pro-democracy" movement in China was that the demonstrators did not try to win support from the Army. The so-called elites that created the turmoil also believed that an important lesson for them was they failed to enlist the support of soldiers. It can be expected that with the intensification of the struggle over evolution, the enemy at home and abroad will double the efforts to infiltrate and erode the Army. Therefore our Army, as the party's implement and the

pillar of our country, must at all times steadfastly hold on to the principle of the party exercising leadership over the Army, follow the party's orders in all their actions, faithfully carry out the party's decisions and instructions, perform its fundamental duties of resisting foreign aggressors and suppressing subversive activities at home, and bring its special functions into play to live up to the expectations and trust of the party and the people.

Commentator Urges PLA Role in Economic Work

HK1112104189 Beijing JIEFANGJUN BAO
in Chinese 23 Nov 89 p 1

[Commentator's Article: "The Army Should Voluntarily Participate in the State's Economic Construction"]

[Text] On the basis of seriously discussing and studying the current economic issues in our country, the 5th Plenary Session of the 13th CPC Central Committee made a decision on further improving the economic environment, rectifying the economic order, and deepening reform. In order to put the spirit of the fifth plenum into practice, the General Staff Headquarters, the General Political Department, and the General Logistics Department issued a circular to mobilize the entire commanders and soldiers to actively support the state's economic construction and to join the whole people in making painstaking efforts to overcome the current difficulties. With the approval of the Central Military Commission, beginning in 1990, the time per capita used by the whole Army for participating in voluntary labor in the state's economic construction will not be less than 10 days a year. It is of great immediate and far-reaching significance to seriously implement the circular of the three general departments and consistently adhering to the Army's system of contributing voluntary work to the state's economic construction.

Voluntarily taking part in the state's economic construction is a fine tradition of the People's Army. In the war years, our Army often made use of the intervals between battles to help civilian people do all kinds of work. In the past 40 years since the founding of the PRC, our Army, in light of the instructions of the party central leadership, the State Council, and the Central Military Commissions, has taken an active part in socialist modernization construction while fulfilling the combat, training, guarding, defense works, and self-supporting production tasks. Our practice shows that the Army's participation in the state's economic construction on a voluntary basis is a good thing beneficial to both the civilian people and the Army itself. It will promote the development of the national economy, and will also spread the new conduct and spirit in society. The troops will be tempered in such voluntary labor, which can also make relations between the army and the people closer.

The Army's voluntary work for the state's economic construction is of special significance in the present period of economic readjustment and rectification. On

the basis of correctly and objectively assessing the current economic situation, the fifth plenum of the party central committee decided to take 3 years or a longer time, to basically complete the work of economic readjustment and rectification. Overcoming the present economic difficulties and ensuring the sustained, steady, and coordinated development of the national economy is a common task for the whole party, the whole Army, and all people in our country. As the People's Army under the party's leadership, as an army made up of the sons of the people, it is our duty to voluntarily participate in the state's economic construction, and this is also a concrete action that we should take to implement the spirit of the party central committee's fifth plenum, to share the cares and burdens of the state, and to support the state's economic readjustment and rectification. In order to overcome the temporary difficulties in the state's economic construction, we need to bring our political advantages into full play and boost the national morale. The Army's participation in economic construction will help promote the building of socialist material and spiritual civilization, and will produce obvious social effects. So its significance is great and far-reaching.

The Army's voluntary participation in economic construction is also a major step for enhancing the Army's political quality. An important and urgent political task for the Army is to unify the thinking of the entire commanders and soldiers with the spirit of the 5th Plenary Session of the 13th CPC Central Committee and to ensure that the Army will maintain a high degree of uniformity with the party central leadership. Because the troops are performing different duties, they may not deeply feel the necessity of the state's economic readjustment and rectification. Some cadres and soldiers may not be well aware of the difficulties existing in the state's economic construction and of the correct approach to these difficulties. By organizing cadres and soldiers to take part in economic construction, they will know more about the current situation in economic construction and will thus more deeply understand the correctness of the policy decision adopted by the central committee's fifth plenum. Then, they will become more conscious in sharing the cares and burdens with the party and the state and joining the whole people in making concerted efforts to overcome the difficulties. Participation in economic construction is also a vivid form of conducting education in the purpose of the People's Army among the troops. The membership of the Army is continuously changing, and some young comrades do not deeply understand our Army's purpose of serving the people wholeheartedly. For older comrades, they also need to carry forward the Army's glorious tradition. Through participating in the voluntary work in economic construction and learning the purpose of the People's Army in practice, the troops will continuously carry forward and develop the Army's fine tradition. The Army's voluntary participation in the state's economic construction will further improve relations between the Army and the government and between the Army and the people, and make such relations closer. Close relations

between the Army and the government and between the Army and the people in the new period require the deepening of mutual understanding. The Army's voluntary work in economic construction provides a good condition for such mutual understanding. From the concrete action of spreading the new socialist conduct, the masses will be more aware of our Army's new image and will understand the Army, cherish the Army, and consciously safeguard the unity between the Army and the people. At the same time, through participating in economic construction, the troops will learn from civilian institutions, learn from the working class, and learn from the masses much more. This will enrich the contents of political education for the troops and will help cultivate a selfless, dedicating, and hardworking spirit among all commanders and soldiers.

In order to consistently participating in the state's economic construction, we should effectively strengthen leadership, pay attention to actual results, and guarantee the implementation of the plans. Party committees and leading organs at all levels should take the participation in economic construction as an important task and include it in their work agenda. They should work out a schedule and a plan every year for participating in economic construction. The time and personnel for this task must be guaranteed. Leading cadres at all levels should take the lead in participating in voluntary labor and set a good example for the troops. Military units should keep closer contacts with local governments and know more about the priorities and difficulties in local economic construction. Then, they should use their limited resources to support the most urgent projects in local economic construction. The troops must exemplarily observe the policies and regulations laid down by the party and the state, must strictly abide by mass discipline, and consciously protect the Army's good reputation and image.

Economic & Agricultural

Articles Discuss Decline in Foreign Trade

HK1012023089 Beijing JINGJI GUANLI in Chinese
No 10, 1989 pp 22-24

[Article by Xue Tao (5641 1718) edited by Liu Qichang (0491 0366 2490): "Countermeasures Against the Worsome Tendency Toward Slide in Foreign Trade"]

[Text]

I

Beginning in this year, China's situation of export trade has been unsatisfactory. It saw the tendency of "slide" in the first quarter. The export volume dropped by 8.1 percent compared to the same period of last year. Though the situation got better in April, there was still the worrisome tendency toward slide in export trade. This was mainly manifested as the following:

First, our macroeconomic control was ineffective so that the order of foreign trade was chaotic. In the wake of an in-depth development of reforms in the foreign trade system, the initiative of various sectors in developing an outward-looking economy was mobilized. In particular, it mobilized the initiative of enterprises in generating foreign exchange by expanding their export. However, as the progress of our macroeconomic control lagged behind the development of opening up, we did not have any necessary and specific measures for controlling the situation, so that the order of foreign trade was chaotic. It was marked by such phenomena as an excessive decentralization, operations intervened by various departments, and the outbreak of a series of "internal wars". This was because they purchased goods at a high price and sold them at a low one so that profits were gained by the outsiders, they were unable to generate any foreign exchange by expanding their export, and the traditional channels of foreign trade were undermined. In addition, the confidence in China's commodities held by some overseas agents and distributors was damaged. This is a major problem that will affect China's work of maintaining a steady growth of foreign exchange generation through export. It will become a worrisome tendency toward the development of an outward-looking economy, so that it will be unable for the thriving foreign trade business, which was encouraged by our reforms in the foreign trade system, to play its due role.

Second, enterprises attached great importance to the domestic market and hesitated to generate foreign exchange. Beginning in last year, the domestic market had been marked by a shortage of supply because of a hasty consumption boom brought about by inflation. Compared to the amount of efforts we spent when we entered the international market, it was much easier and more economic to sell goods in this "seller's market". Therefore, some production enterprises became apathetic. Furthermore, there was an objective situation in which the returns from domestic sales were better than those from overseas sales because of difference in sales price. These enterprises acted in favor of the market from which they might get the most profits, and paid their attention only to the domestic market, so that there was a drop in the enthusiasm in generation of foreign exchange through export.

Third, the practice of non-fulfillment was widespread, and advantage of the traditional market were impaired. Recently, China's situation of non-fulfillment of export orders was worsened year after year, which was strongly criticized by foreign businessmen. This is because on the one hand, there was insufficient capital, raw materials and accessories for producers to produce the ordered goods on time; and on the other, because the following phenomena were very serious: quality of some export products became poor; commodities that were in short supply were added impurities; the residue of grain, oils, native and animal husbandry products and agricultural chemicals was excessive; the processing of industrial goods was crude; and packaging materials were damaged. As foreign trade enterprises had difficulties in

getting the necessary foreign trade credit and capital, they were unable to fulfill plans of purchasing export goods. Moreover, there were insufficient transportation capability and mistakes in executed legal documents, the practice of fulfillment was widespread. When this issue is not properly handled, the situation would further deteriorate, and our foreign trade reputation would be undermined. Not only shall we then find it difficult to develop new market, but will also be unable to maintain the old ones.

Fourth, the progress of upgrading export products was slow, and foreign trade had no reserve strength. At present, China's attitude toward foreign trade is yet to be changed to the one of "producing what are needed by others." It is still at the stage of "selling what we have produced." Consequently, our composition of foreign trade products does not conform to the international market demand. In this "ever-changing" international market competition, not only do we lag behind others but also do not have reserve strength.

II

A steady growth of foreign trade directly affects the stability and development of the economic situation as a whole. As it has an important bearing on a full-scale implementation of straightening out, consolidation and an in-depth development of reforms; and plays an important part on whether we can increase the effective supply and safeguard our economic live. Beginning in next year, China will enter into a peak period of repayment of foreign debt. Any growth in the generation of foreign exchange will directly affect our capability of repayment. Therefore, all localities should thoroughly understand the worrisome tendency of "slide" in foreign trade. They should have a better sense of the crisis; be more conscious about the tendency; take effective measures to earnestly check the "slide" in foreign trade; and take the work of generating foreign exchange through export, and that of maintaining a steady growth in foreign exchange revenue as major tasks, so as to avoid being put into a passive position in this aspect.

First, subject to requirements of the overall situation, we should further intensify reforms of the foreign trade system. We must, under the prerequisite of correctly understanding the open operations and centralizing the foreign relations, set up necessary administrative and supervisory mechanisms for maintaining the normal order of foreign trade. At the same time, we should encourage operations by foreign trade groups, set up stable channels for overseas sales, run regional business divisions on a trial basis, and ensure that interests of key enterprises and developers will not be undermined. In particular, we must advocate the practice of leading through services the foreign trade to develop in an orderly manner, and embody the macroeconomic control into the specific services. As the key to generation of foreign exchange rests with enterprises, we must intensify reforms among enterprises.

Second, we should do well in coordinating the relations between domestic sales and overseas sales, and try all means to develop new sources of export goods. In order to handle well the relations between the domestic market and the international one, we should, under the prerequisite of safeguarding the domestic market, actively encourage the growth in export. We should export more products which are not necessary in China and in respect of which the raw materials are abundant in China. Also, we should produce on a large scale, and reserve part of, export products which are of high demand in both the domestic and overseas markets. Foreign trade departments and enterprises must go to the front line of production. Each enterprise must get hold of their sources. In particular, they must try their best to use more foreign exchange retained by localities to import more materials for processing; and make use of the surplus capability of production enterprises to undertake more business in processing, assembly and production of brand-name goods with imported materials.

Third, we should fully tap the potential, and solve problems regarding shortage of foreign trade credit and capital. In addition to increasing the line of foreign trade credit and capital by banks, we must mobilize the initiative of various sectors, and raise funds for foreign trade through varied channels and methods. Furthermore, foreign trade enterprises must get rid of their mentality of "waiting for, depending on, and asking for" subsidies. They should establish the thinking of stressing on economic results in their supervision, and on raising funds in order to get better results. They should strengthen their capital control, improve the returns of utilization, and speed up the revolving cycle.

Fourth, we should, subject to the state policies toward industries, speed up the readjustment of composition of foreign trade products by taking the international market as the yardstick. We must earnestly implement the State Council's "Decision on Key Points of the Present Industrial Policies". According to the requirements of the international market, we should further readjust the composition of export products, and give full play to the advantages and potential of China's production technology, and encourage the upgrade of export commodities. We should sharply increase the export of intensively processed goods such as mechanical and electrical products, electric home appliances, light industrial goods, handicraft, garments, processed food, building materials, and materials for interior decoration, as well as agricultural products, that help us earn foreign exchange. We should gradually increase the proportion of export of finished goods, particularly intensively processed products, as well as mechanical and electrical instruments and products. At the same time, according the established policies, we must earnestly do well in the export of products processed with imported materials, and spend great efforts on improving the quality of export commodities and the amount of foreign exchange generated therefrom.

Fifth, we should readjust the balance of interests, and give more benefits to producers of export products. The basis of having a steady growth in foreign trade is factories. Only when we mobilize the initiative of factories in generating foreign exchange through export, can we succeed in preventing a "slide" in foreign trade and in promoting the growth of foreign trade. Therefore, we must act in the spirit of "preserving more water in order to raise fishes", and give more benefits to producers of export products. We must give more support to foreign trade factories in terms of manpower, material sources, financial sources and so on, and give priority to the supply of these items. In particular, we should actively help them solve problems regarding the shortage of capital, raw materials, accessories and so forth. We should also give more allowances to these factories in terms of tax reduction and export subsidies. In particular, foreign trade departments should make it known to the public the price level of overseas sales, distribute profits on an equal basis, and give more benefits to enterprises whenever possible. The ratio of foreign exchange to be retained by them should also be appropriately increased, which must be promptly put into practice. We should also help the factories use their foreign exchange at the right time and in the right way.

Sixth, we should improve the situation of fulfillment of export orders, and safeguard our foreign trade reputation. In the course of execution of contracts, we should act cautiously, conduct thorough discussions, set strict procedures, and execute contracts under the prerequisite of leaving ourselves some room for manoeuvre and according to the international practice. In particular, we must emphasize that in signing contracts with foreign parties, we must conduct an investigation about the creditability of the other party, and get hold of sources of goods. After execution, we must earnestly do well in the arrangement of transshipment, and perform these contracts strictly according to the provisions thereof. Foreign trade departments must do well in this work, and reject goods that fail to pass the quality check. Also, the commodity inspection departments should conduct meticulous inspections and refuse to have poor goods loaded on vessels (vehicles). Furthermore, we must actively solve problems regarding the transportation capacity. While making close contacts with the transport departments, the foreign trade departments should make full use of their own transport capacity to ensure that export goods are shipped according to schedules provided in such contracts.

Seventh, we should set strict discipline for foreign trade work, and strengthen the price control on export commodities. On the one hand, we must straighten out foreign trade enterprises, and check those "official" foreign trade companies approved by localities according to our requirements. Those which fail to meet such requirements should have their export authority revoked without exception. Upon the work of straightening out, we must establish and perfect an examination and assessment system for foreign trade, and strengthen

the mechanism of supervision, so that the system will be systematic and standardized. On the other, we must be strict and impartial when handling policies and regulations concerning the purchase price, and preventing "wars" and the practice of hiking prices from happening. We must not give foreign trade subsidies to ports, regions and enterprises which suffer losses from exporting commodities caused by price hiking. Besides, we must regulate the business behavior of enterprises, and check their export or cut their export plans, in accordance with their situation.

Eight, we should provide quality services and make more contributions for developing foreign trade. Foreign trade is a kind of economic activity involving various sectors. To simply rely on the foreign trade departments does not work. Various relevant departments must make joint efforts, in particular, provide quality services. Transport and communications departments must guarantee a smooth delivery of import and export goods, and that the goods will not be stuck on the road, aboard the vessel or at the port. The customs, commodity inspection and other departments must simplify their procedures and improve their efficiency, while strictly performing their duties. The production, circulation, planning, financing and other sectors must create better environment and conditions for the export trade. In particular, leadership at all levels must take the work of foreign trade as an important economic work. They must strengthen their guidance and coordination, give assistance in solving practical problems, and strive to ensure a steady growth in foreign trade.

Special Economic Zones Maintain Momentum

HK1112142489 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 11 Dec 89 pp 1, 2

[By our staff reporter Xiao Qu]

[Text] While the national economy is suffering from inflation, a sluggish market and a shortage of funds, China's four special economic zones (SEZs) are maintaining their momentum in development.

During the first 10 months of this year, Shenzhen, Zhuhai and Shantou in Guangzhou Province and Xiamen in Fujian Province, the four SEZs in southern China, approved another 1,030 foreign-invested projects with a total of \$1.2 billion contracted foreign capital, respectively 13 and 11 percent more than during the same period last year, a senior official told BUSINESS WEEKLY, predicting foreign investment will continue to grow next year.

Total actual foreign investment in the period was at the same level as the same period last year—\$440 million, said Huang Taihe, a deputy bureau chief of the Special Economic Zones Office under the State Council.

From January to October, the four SEZs reported a total industrial output value of 16.2 billion yuan, 30 percent

higher than the same time last year. That of foreign-funded firms reported a 42 percent increase.

National industrial growth, however, started to decline in July. October's growth rate was 2.1 percent lower than October 1988. November's growth saw a slight upward turn, 0.9 percent higher than November 1988. Total national industrial output value amounted to 1.176.5 billion yuan during the first 11 months of this year, a 7 percent increase over the January-November period in 1988.

Huang said there are three major reasons that SEZs can avoid the national economic troubles.

First, financial reforms the SEZs have undergone in the past few years have enabled their capital to flow more smoothly. Thus the central government's tight budget policy has not affected them as severely as other sectors.

Also the central government provided the zones with 400 million yuan in loans during the second half of this year to ease their shortage of funds, despite the general tight credit policy. (In general, \$1 worth of foreign investment needs 1.2 yuan in counterpart funds.)

Second, although the government's restrictions on capital construction has forced a halt in some Chinese projects in the zones need, "the policy does not applied to foreign-funded ventures.

Third, with several years of experience, the labour force in the zones is increasingly skilled and production of efficiency has improved.

Huang said the SEZs export of locally-made industrial products during the first 10 months of this year increased by over 40 percent compared with the same period last year, to reach 7.3 billion yuan. About 58.4 percent of Shenzhen's industrial products were exported, 6.7 percent higher than during the same time last year.

The four zones' export value totalled \$2.7 billion between January and October, up by 15 percent compared with the first 10 months of last year. This figure does not include the value of exports earned by other parts of China that sent goods through the SEZs, Huang said. Meanwhile, the national export total was only \$31.2 billion during the first nine months, according to statistics released by the Ministry of Foreign Economic Relations and Trade, showing no marked increase over last year.

Because of the zones' more balanced supply and demand, the volume of their retail sales rose 8 percent over the same period last year, Huang said.

Shenzhen alone achieved retail sales of 4.55 billion yuan, up by 3.2 percent over the first 10 months of last year. Prices continue to fall steadily during the last four months. Prices in Shenzhen in October was 14 percent lower than at the end of last year.

At the same time, the growth rate of retail sales for the nation as a whole declined 1.1 percent in September, the slowest in 10 years. In August, inventories of 28 major items listed in tables of the State Statistical Bureau reached a value of 204 billion yuan.

Huang said 90 percent of the 1,030 foreign-funded projects in the zones approved during the first 10 months of this year are manufacturing ventures, mainly in the fields of textiles, electronics, light and chemical industries, and plastics. And 80 percent of these projects are export oriented.

He said solely foreign invested projects saw a fast increase. More than 20 percent of the 1,030 projects are solely foreign-funded. And 80 percent of the contracted \$1.2 billion in foreign capital was from Hong Kong, Macao and Taiwan.

Huang said Taiwan investment experienced the biggest increase in history. The number of Taiwan-funded projects approved by Shenzhen, Shantou and Zhuhai during the first 10 months of this year is about equal to the total approved during the past nine years.

Of the 185 foreign-funded projects approved in the Xiamen Special Economic Zone between January and October, 108 were Taiwan-invested, four times more than during the same period last year. Total contracted Taiwan investment amounted to \$330 million.

Huang said if it had not been for the zones' strict control in approving foreign investment, and their limited power supply and transportation facilities, the number of foreign-invested projects during the first 10 months of this year would have been even higher.

The SEZs no longer approve labour-intensive or simple processing projects, but have started requiring the foreign-invested projects to be in line with China's industrial policy of seeking more advanced technology and greater ability to manufacture finished products. Shenzhen alone dismissed 196 foreign-funded projects that failed to meet these criteria between January and October, Huang said.

To lay the foundation for further economic development in the SEZs, the government is investing billions of yuan to improve their infrastructure.

Huang said five power stations with a total generating capacity of 300,000 kilowatts will go into operation in Shenzhen at the end of this month. Four more power stations—Shenzhen's 700,000 kilowatt station, Shantou's 400,000 kilowatt station, Zhuhai's 100,000 kilowatt station and Xiamen's 600,000 kilowatt station—are expected to start operation next year.

Huang said the Shenzhen airport, being built with about 450 million yuan worth of investment, will be put into use during the first half of next year.

He added that Shenzhen's Yantian Port has just finished building a 5,000 dwt dock and another two 20,000 dwt

berths will be built next year. The Huanggang Port, which links Shenzhen to Hong Kong, will be put into service later this month to ease the transportation burden on Luohu, the overland port of entry.

Huang said the government has also decided to further restore economic order in the zones. Companies run by Party and government organizations will be closed. So will firms which do not have their own funds or office locations, but exist in name only and make profits by price markups on the goods they handle.

Township Enterprises Play 'Important' Role

*OW1512194989 Beijing XINHUA in English
1458 GMT 16 Dec 89*

[Text] Nanjing, December 15 (XINHUA)—China's township enterprises, a product of the policy of reform and opening to the outside world carried out ten years ago, have played an important role in the economic development of the country.

According to reports presented at an international symposium on township enterprises that ended on Sunday in Jiangsu Province's Wuxi City, by the end of 1988, the enterprises all over the country had made proper arrangements for 95.45 million surplus rural laborers, 23.8 percent of the rural labor force.

They produced 650 billion yuan (about 176 billion U.S. dollars) in output value, which is 24 percent of the national figure and 58 percent of the rural gross social output value.

Industrial output value reached 450 billion yuan, 28 percent of the national figure.

In 1988, wages paid to farmers by township enterprises reached 96.3 billion yuan which matched the total national distribution quota for farmers in 1981.

Over the past ten years, township enterprises have donated 79.9 billion yuan for various projects in rural areas and turned over 114 billion yuan in taxes to the state.

With the deepening of the rural economic reform, a great number of enterprise groups have appeared in rural areas.

Township enterprises have fixed assets of 200 billion yuan and have set up more than 40,000 enterprise groups all over the country.

The number of enterprises with an annual output value of five million yuan has increased to 8,660 and the number of counties and cities with an annual output value of more than 100 million yuan is 1,321.

These enterprises have also greatly improved the quality of their products.

Over 1,630 kinds of products have won national and ministerial awards and some have won international awards.

Rapid progress has also been made in other fields.

In 1988, the raw coal output of township enterprises reached 320 million tons, 34.1 percent of the gross national output. Electric energy production reached 11.29 billion kilowatt-hours, which is 10.6 percent of the national production.

Cement production reached 56.79 million tons, 27.9 percent of the national total and silk production reached 21,100 tons, 43.9 percent of the national total.

There are now 10,000 export oriented township enterprises. Export products include chemicals, machinery, mineral products, food, textiles and clothes.

In 1988, these enterprises earned 6.5 billion U.S. dollars in foreign exchange, one-fifth of the country's total.

Enterprises jointly operated with foreign businessmen total 4,700.

From January to September this year, sales of township enterprises increased by 30 percent and their profits increased by 20.5 percent over last year.

Experts predicted that the development of township enterprises will be adjusted to be coordinate with that of state-owned enterprises and agriculture.

Article Discusses Industrial Growth Decline

HK1412132489 Beijing JINGJI RIBAO in Chinese
15 Nov 89 p 2

[Article by Yan Kalin (7051 0595 2651): "Correctly Approach the Decline in Industrial Growth"]

[Text] While China's economy has gradually embarked upon the road of a benign cycle, a steep fall in industry has occurred in recent years. As industrial production in some provinces showed a negative increase, people from various circles have focused their attention on this trend.

We can definitely say that the decline in industry is a normal effect of the tight credit policy. In the course of improving the economic environment and rectifying the economic order, we must reduce the excessive industrial growth. Meanwhile, the general trend of the national economy has been good since the beginning of this year. The situation of industrial production as a whole has also been good. In the first quarter of this year, the total output value of China's industry increased by 8.9 percent over the same period in 1988. It is expected that the annual industrial growth will reach around 6 percent. Nevertheless, we should carefully examine whether the drastic fall in industrial growth and the negative increase are normal, and particularly uncover the problems in current industrial production and the ways to deal with them.

The excessive growth in industry is bound to result in many problems. However, a too low growth would also be inappropriate. Viewed from some areas, an increasing number of staff members have gone home to await work because of the decline in industrial production, and the suspension of enterprise production. Viewed from the whole country, if industrial growth is too low, it will affect economic efficiency. In the first 9 months of this year, profits of the budgeted state-owned industrial enterprises dropped by 16.2 percent compared with the same period in 1988. This will increase the burden of state finance and also produce an impact on the improvement and rectification work, and deepening of reform. Moreover, Comrade Deng Xiaoping said not long ago, that it is a primary task to be fulfilled to prevent the decline in the economy. Economic stability is the foundation of social stability and China's key problem lies in stability. Hence, it is particularly important for the industrial front to avoid a overheated economy as well as prevent production from further declining.

At present, apart from the numerous factors conditioning industrial production, there are also a number of obvious and latent difficulties. Some are economic while others are non-economic factors. We should conduct a serious study of these issues. For example, the sluggish market for a short period of only a few months has led to a sharp increase in overstocking which resulted in suspension or semi-suspension of production in many enterprises, and overspending of the newly increased working capital of enterprises. This has further aggravated the contradiction of capital supply and demand. Meanwhile, a number of experts believe that the sluggish market will continue for a period of time, of which that for durable consumer goods will last longer. This market change has both positive and negative effects. For this reason, it is necessary to make a realistic analysis.

Here is another example: According to some localities, a number of enterprises have a misunderstanding of the policies and have the following misgivings: They are afraid of risks in politics, of involvement in the economy, and of centralization of powers in policies. This has hindered their subjective initiative and normal production.

Viewed from the macroeconomy, to check inflation, it is absolutely necessary to implement a tight credit policy. However, as people say, the tight credit policy is like a double-edged knife. While cutting credit and capital construction, it may also affect normal industrial production and development. For this reason, how should we properly handle the relations between the tight credit policy and economic growth? Specifically speaking, should the dynamics of the tightening policy be based on avoiding a decline in the economy? This is an essential question demanding prompt exploration.

It should also be noted that we will soon enter the peak of the debt repayment. Viewed from absolute value, China's debt burden is not too heavy. To repay the

internal debt, the state will have to relatively reduce part of financial expenditure which includes investment in industry. This is bound to hinder industrial development. To repay foreign debt, apart from increasing exports and reducing imports, we have no other way out. This move will also increase the difficulties in industrial growth because raw materials (such as rolled steel and mining products) and industrial equipment account for over 80 percent of China's imports. The difficulties in industrial production should not be evaded. We should overcome the mood which underestimates difficulties, is blindly optimistic about the situation, exaggerates the difficulties, and lacks confidence. We should be aware that the difficulties are temporary on the road of advance. Meanwhile, there are also many favorable conditions for overcoming the difficulties. For instance, we have achieved initial results in improving the economic environment and rectifying the economic order, which will be conducive to the healthy growth of production. We have reaped bumper harvests in agriculture, and there are great latent potentials in rural and urban market. The construction and technical transformation projects imported over the years have been completed and have gone into operation.

So long as the comrades of the industrial front bestir themselves, go all out, and make full use of the favorable correlations, we will certainly be able to develop production.

Austerity Program 'Has Not Caused Stagflation'

OW1812181189 Beijing XINHUA in English
1533 GMT 18 Dec 89

[Text] Beijing, December 18 (XINHUA)—China's austerity program has not caused stagflation, but has helped the economy take a turn for the better, Chinese economists said here today.

They said at a symposium on China's economic development that they are optimistic over economic prospects despite problems.

Yang Peixin, an economist from a research center under the State Council, said that overheated consumption has disappeared thanks to the austerity program, and that inflation has been curbed and retail prices are gradually returning to normal.

The present sluggish market is different from the economic recessions that occur in the West. It is a short-term result of the country's retrenchment in investment and the slowdown of industrial development, Yang said.

He said that it poses an opportunity for the country to readjust the industrial mix to facilitate coordinated economic development.

The three-day symposium, sponsored by China Central Television and the "World of Economy and Trade", has drawn about 50 government officials, scholars and entrepreneurs.

China is taking further steps in straightening up the economic environment and improving the economic order in a bid to consolidate achievements and grasp the chance to revitalize industrial development and ensure appropriate economic growth, said Lin Zhaomu, a scholar from the Economic Research Center under the State Planning Commission.

He said that the state financial departments and banks will have no difficulties in supporting appropriate industrial growth after investment is brought under control. The key task for next year is to invigorate big and medium-sized enterprises and enliven the sluggish market.

Austerity Program To Continue in 1990

HK1912091589 Beijing CEI Database in English
18 Dec 89

[Text] Beijing (CEI)—China will continue its austerity programme next year to strive for a balance between income and payment in credit operations, and to withdraw excessive money on the market.

Li Guixian, state councilor and governor of the People's Bank of China, said to achieve the goal, the state must control the amount of credit funds and readjust the credit structure by increasing investment in key enterprises and agriculture and reducing that in fixed assets projects.

Checking up on financial companies will be a major task next year, Li said, and supervision of fund collection by society and within enterprises and the clearing system will also be improved.

The amount of foreign loans will be limited next year, he said.

Moderate Economic Growth Hoped for 1990

HK1912013389 Hong Kong SOUTH CHINA
MORNING POST in English 19 Dec 89 p 11

[By Geoffrey Crothall and Willy Wo Lap-lam]

[Text] Beijing is aiming for a moderate growth rate for 1990 while at the same time imposing tighter centralised control over the economy.

China hopes to expand the gross national produce (GNP) by five percent in 1990, more or less on a par with this year's growth rate. The desired growth rate for the agricultural sector in 1990 is pegged at four percent and for the industrial sector six percent.

At the same time, the central Government will exercise tighter control over matters including production targets, taxes and contributions to the state, and prices.

These decisions were reached at the recently convened national conferences on planning and on finance, the details of which were not published until yesterday.

The two conferences decided that the major work for next year was to continue "curing and restructuring" the economy, the party's code phrase for cooling down the economy and reimposing central planning.

While inflation, excessive capital construction and consumer demand have been brought down, the conferences concluded that "next year will be a critical year" for further "restructuring the economy and raising economic efficiency".

The NEW CHINA NEWS AGENCY quoted participants as saying: "Some factors contributing to inflation have not been eliminated and some problems affecting economic stability have not yet been fundamentally solved."

To continue to cool down the economy, money supply and credit available for 1990 will be kept at this year's level. At the same time, Beijing will put as its priority "improving control on pricing, stabilising the market, and continuing to cut down on investments and imports."

While the financial contract system for local governments and state enterprises will not be abrogated, local units are expected to contribute a higher percentage of earnings to central funds.

The six percent growth, rate for industry projected for next year is significantly lower than the figures throughout the mid-1980s, which were more than 10 percent.

The only area where investment fund will significantly increase are agriculture—mainly for the promotion of grain production—energy and transport.

The two conferences upheld Beijing's earlier line that only those reform measures which are beneficial to "curing and restructuring the economy" will be pursued.

Among reform policies affirmed at the conferences are the rural and enterprise contract responsibility systems, the open door policy and policies with regard to the coastal cities.

Other more avant-garde reform initiatives such as stock companies and the bankruptcy system have not even been mentioned.

Mr Edward Leung, chief economist at Standard Chartered pointed out that China would have difficulty promoting economic efficiency in spite of its goal of achieving a moderate growth rate next year.

"Even in the worst years China has managed to produce respectable GDP figures," he said.

"While agricultural output this year has been good, industry is suffering from inefficient management, rising production costs, shortages of raw materials, energy and credit."

The outlook for trade, while still not promising, has been improved somewhat by last Saturday's devaluation, analysts said.

An analyst said: "The devaluation indicates the Chinese leadership is ready to take positive and progressive steps to stimulate new foreign investment and retain existing investment."

"It looks as though China will attempt to maintain positive yet moderate growth in the near future," she added.

Article Views Guidelines for Steady Development

HK1112085189 Beijing JINGJI CANKAO in Chinese
21 Nov 89 p 1

[Article by Zhou Shulian (0719 0647 5571), Director of the Industrial Economy Research Institute under the Chinese Academy of Social Sciences: "Firmly Set Up the Guiding Idea of Developing the Economy in a Sustained, Steady, and Harmonious Manner"]

[Text] The 5th Plenary Session of the 13th CPC Central Committee put forward an explicit strategic guideline for sustained and steady economic development, requiring us to resolutely prevent the inappropriate pursuit of an excessively high growth rate and to consistently give top priority to the continuous enhancement of economic results in our economic work. This was a correct conclusion drawn from both the positive and negative experience in our economic construction in the past 40 years. This also represented a good example of combining Marxism with China's national conditions. It was also a scientific conclusion of the academic controversy among economists over this issue in the previous period. By resolutely carrying out this strategic guideline and continuing to firmly carry out the policy for improving the economic environment, rectifying the economic order, and deepening the reform, we will certainly be able to overcome the present economic difficulties and guarantee the healthier development of the national economy in the future.

The economic growth speed is constrained by a series of objective factors. In our country, the industrial growth speed is subject to the constraint of the following factors: 1) The accumulation of funds. As our economy is still not developed enough, the accumulation rate cannot be set too high. Moreover, the accumulated funds have to be appropriately allocated to various economic branches, and it is impossible to allocate too many funds to the industrial branch alone. 2) The constraint of agriculture and other economic branches. Agriculture is the foundation for the national economy. At present, we cannot say that our industry is being supported by a strong and solid agricultural foundation. The growth rate of agricultural production is also constrained by many factors, and the growth in agricultural production in turn constrains the growth in industry. Moreover, the capacity of transportation also obviously constrains the industrial growth speed. 3) The internal constraints in

industry. For example, the backwardness of the mining and raw material industries and the poor economic results of many industrial enterprises all constrain the general growth speed of industry. 4) The constraint of foreign trade. For example, the capacity of import and export also constrains the industrial growth rate. The use and availability of foreign funds are also constrained by many factors. All this does not mean that our national economy cannot develop at a rather high speed. It is completely possible for our country to achieve the objective of quadrupling the total output value by the end of this century, and the growth speed will not be low if this objective is achieved.

The historical experience in the development of our national economy repeatedly showed that if we unduly pursued an excessively high growth speed, various serious consequences would be caused. First, there would be an overheated economic condition and a swelling social demand. As a result, there would be a shortage of both the consumption funds and the accumulation funds or a disproportionate distribution of resources, and the expenditure would exceed the national income. Second, imbalance would appear between industry and agriculture, and industry would seize too many resources with little being left for agriculture. This would impair the development of agriculture, which in turn could not support industry, which was being developed too quickly. Then, various difficulties would be brought about. Third, there would be imbalance between industrial development on the one side and the supply of energy and the availability of the transport and other infrastructural facilities on the other. Imbalance would also appear between various industrial branches. All this would impede the existing industrial production capacity from being used in the full. Fourth, management and technological progress would be neglected, and both enterprise economic results and overall economic results would get worse. When these consequences were accumulated to a certain degree, the serious economic disproportion and the serious worsening of economic results would make it hard for the high growth rate to be kept. Then an economic recession would ensue; and the growth speed would decline sharply after it was raised too much. Such economic instability would also cause social instability under certain conditions. Therefore, we must bear in mind this historical lesson, and must resolutely overcome overanxiety for quick results in the handling of economic construction.

Economic reform should also be favorable to the implementation of the guiding principle for sustained, steady, and coordinated economic development. The purpose of our economic reform is to improve the socialist relations of production and to promote the development of productive forces. The sustained, steady, and coordinated development of the national economy for a long period is the only correct way to develop the productive forces in our country. Therefore, economic reform should also be

favorable to sustained, steady, and coordinated economic development. Some comrades believe that economic reform should serve the purpose of speeding up economic growth. This is a one-sided idea. We cannot equate the development of productive forces with raising the economic growth rate. According to the actual conditions in our country, economic reform must be able to help adjust and rationalize the economic structure, enhance the enterprise management level, promote scientific and technological progress, raise productivity, and raise the economic results. When economic reform meets all these requirements, economic growth will be speeded up and the economy will develop on a sustained, steady, and coordinated basis at a comparatively high speed.

In the course of economic reform, we should also overcome overanxiety for quick results. Comrade Deng Xiaoping said: Reform will certainly encounter some obstacles, so we must be very careful and must not advance too quickly; otherwise, trouble may occur. We tend to neglect the difficulties in reform and tend to seek quick successes. The experience of our country and some other countries shows that the arduousness and the long-term nature of the reform must not be underestimated. Economic reform is a huge systems project which includes enterprise reform, market development, and macroeconomic management reform, and there are complex relations between these sub-systems. So it is arduous to complete such a systems project. Economic reform is also related to the redistribution of powers, responsibilities, and interests, and it is also very difficult to handle various power, responsibility, and interest relations in the course of reform. Economic reform is also a process of continuous explorations, where many new theoretical and practical questions will be encountered. Not all of these questions have been explicitly answered, and this will also cause difficulties. The existence of these difficulties determines that reform must be carried out for a long time. We should bear in mind what Comrade Deng Xiaoping said: Reform needs courage and firmness as well as carefulness and prudence. Only thus can reform be carried out in the orientation of being favorable to sustained, steady, and coordinated economic development.

We should clearly notice that it is not easy to firmly adhere to the guiding principle for ensuring sustained, steady, and coordinated economic development. In our country, the idea of seeking rapid success has existed for a long time, and people with such ideas tend to consider economic construction as a simple thing. They proceed from wishful thinking and put forward unrealistically high targets. In the international scope, there is also a kind of strategic thinking, which is derived from being eager for quick success and instant benefit. This is reflected in the practice of merely pursuing immediate and partial interests, and disregarding long-range and overall interests. For example, in order to develop industry, some people do not take agriculture and ecological evenness into account, or merely stress present

consumption without giving consideration to the well-being of the future generations. They tend to seek the highest growth speed without regard to proportionate development, actual effects, and long-term benefit. Such a strategic idea of seeking quick success and instant benefit is rather influential in our country. In addition, in our country, there are also some objective factors that make people inappropriately pursue a high growth rate. In order to firmly adhere to the correct guiding principle, we should earnestly study the communique of the fifth plenum and the CPC Central Committee's Decision on "Further Improving the Economic Environment, Rectifying the Economic Order," and "Deepening Reform," as well as other relevant documents. We should also deepen our understanding of the correctness and scientific nature of this guiding principle in connection with summing up the positive and negative experience of our country and other countries in economic construction, and realize the incorrectness and harmfulness of the idea of trying to achieve quick results and success.

We should seriously understand what the fifth plenum pointed out: During the economic rectification or after the completion of the economic rectification, we must always maintain the principle for ensuring sustained, steady, and coordinated economic development, and must carry out this principle in both economic construction and economic research.

Article Urges Technological Transformation

HK0712070589 Beijing RENMIN RIBAO in Chinese
27 Nov 89 p 6

[Article by Ma Hong (7456 3163): "It Is Necessary To Pay Close Attention to Technological Transformation"]

[Text] How to make old and large-type state-run enterprises modern, enter the world market, develop new and high technologies, and implement technological transformation through reform and opening up to the outside world has become a major issue of great concern to everyone who cares about the future and fate of China's development. Readers may find helpful inspiration in the solution to this issue proposed by the book "Tremendous Changes in Anshan Iron and Steel Corporation."

Shen Yue [3088 6390], editor in chief of this book, has a long background in leadership in economic work, working in the Anshan Iron and Steel Corporation for the bulk of the 1970s. He is a devoted veteran comrade, rich in experience, with a certain theoretical attainment. During his recuperation from illness, he personally investigated and summed up the experiences of the said corporation in reform, opening up, and technological transform, and wrote the "Fact-finding Report on Anshan Iron and Steel Corporation Developing Export-Oriented Economy." Now, he has edited the book "Tremendous Changes in Anshan Iron and Steel Corporation," in which the accomplishments and changes in the development of the said corporation in the 10 years since

the 3D Plenary Session of the 11th CPC Central Committee are summed up. This is of great significance to the reinvigoration of large-type enterprises, the technological transformation of old enterprises, the development of export-oriented economy, and modernization.

Anshan Iron and Steel Corporation has been the nation's largest iron and steel combined enterprise established through transformation in the period of economic recovery and the First 5-Year Plan. It occupies a decisive position in national economic development, and has made tremendous contributions to China's socialist construction. Then what position does it occupy and what role can it play in implementing the strategy for coastal economic development?

To Anshan Iron and Steel Corporation, the Sixth 5-Year Plan, which began in 1981, was a key period. Prior to the Sixth 5-Year Plan, its managerial pattern was typical of the product economy, which existed solely for the domestic market, and was severed from all foreign economic relations. It stuck to old ways and was complacent and conservative; consequently, the enterprise lost vitality and vigor and faced an impasse in which "it would be reduced to a pile of scrap iron within a few years unless it underwent transformation." Since the Sixth 5-Year Plan, radical changes have taken place in Anshan Iron and Steel Corporation, with earnest implementation of the party's principle of reform and opening up. It has gone from complete severance to opening up to the outside world, and has "left the valley of product economy, while bounding for the sea of commodity economy," and has blazed a new trail for old and large-type enterprises to reach modernization and to develop an export-oriented economy.

The corporation's essential experiences in this period are: First, a new mechanism of socialist commodity economy has been set up; as a result, the enterprise is endowed with new vitality and has realized modernization through self-accumulation, self-transformation, and self-development; and second, a new operational mechanism for foreign economic relations has been set up by unfolding compensation trade, bringing in hard currency through export, importing foreign capital and technologies, renovating technological equipment, expanding productive capacity, improving quality, increasing variety, and improving product mix as well as economic results. Comrade Shen Yue's work proposes an extremely important concept: It is necessary to reinvigorate enterprises through reform and opening up to the outside world, and to realize modernization by transforming old enterprises. This is a major issue involving the orientation not only in developing the iron and steel industry, but also in transforming old enterprises in all other trades, because to meet the needs of the development of the four modernizations, there are lots of old enterprises in China facing the tasks of technological transformation, as did Anshan Iron and Steel Corporation, whereas the government is limited in funds, and it is actually impossible to conduct large-scope technological transformation by relying solely on government

investment. Therefore, it is imperative to reinvigorate enterprises on the basis of transformation, to conduct self-accumulation and technological transformation step by step to realize modernization. The book illustrates with eloquent figures: In the 8 years since 1981, the investment in technological transformation of the enterprise was some 3 billion yuan, with the bulk being self-raised. Investment during the Sixth 5-Year Plan was 1.7 billion yuan, and apart from the government investment of 198 million yuan in mining transformation, the rest was entirely self-raised by the enterprise by fully applying state policies. By 1988, the enterprise had shaped a comprehensive productive capacity of an annual steel output of 8 million tons. The writer estimates that a productive capacity of 10 million tons will take shape in the early 1990s, and 15 million tons by the year 2000. Should that be realized, productive capacity will be doubled on the basis of the "Sixth 5-Year Plan," with taxes and profits handed over to the state being quadrupled, while the volume of hard currency brought in will be increased tenfold, and economic results will be markedly improved. This is inspiring.

How did a national key enterprise like Anshan Iron and Steel Corporation implement the strategy for coastal economic development and developing export-oriented economy with its products in the mandatory plan accounting for more than 90 percent, while the overwhelming majority of its products are for the home market? The experience of Anshan Iron and Steel Corporation is: To meet the new situation characterized by implementing the strategy for coastal economic development, the key to developing export-oriented economy lies in developing in a big way export and import substitution in technological transformation. The proportion of products for direct export remains insignificant at present. Its chief practice is to shape the new capability for turning out new varieties through technological transformation, including direct utilization of foreign investment to develop import substitutes to ease the demand-supply contradiction of the home market. In recent years, China has imported some 18 million tons of iron products annually. This solution to China's production and construction needs of spending tremendous sums of foreign exchange can hardly go on, for it is quite beyond China's capacity in foreign exchange and finance. Therefore, to develop import substitutes to ease the demand-supply contradiction in the home market and to reduce the hard currency used in importing steel products is, in the final analysis, to basically improve China's competitiveness in the world market! In this sense, it also falls into the category of export-oriented economy.

Having read Comrade Shen Yue's work and articles by leading comrades of Anshan Iron and Steel Corporation, we have grounds for believing that the corporation will certainly become a new base for the four modernizations and make contributions to the strategy for coastal economic development!

Whether to transform old enterprises like Anshan Iron and Steel Corporation or to build new iron and steel enterprises to develop China's iron and steel industry has always been controversial. Practice has proved that it is not desirable, nor does it conform to China's national conditions at present, to rely on many new capital construction projects while neglecting the technological transformation of existing enterprises in expanded reproduction when China's industry is somewhat developed. Expanded reproduction should be conducted mainly through technological transformation and giving full play to the role of existing enterprises. This is a new path to develop China's productive forces with greater, faster, better, and more economical results.

Comrade Shen Yue's book also proposes the important issue and strategy for development that it is necessary for old enterprises and industrial bases to make necessary preparations to prevent decline when they are at the peak of their technology and resources. Some industrial areas and large-type enterprises of older capitalist countries have undergone, and some of them are undergoing, a process from their prime to decline. Some old industrial and mining districts of Britain, Germany, the United States, and even Japan have had this experience. Running joint ventures with Chinese and foreign investment and lateral combination in developing high- and new-technology industries shows great foresight and is full of vitality, even though the undertaking is still in its initial phase. We should not repeat the course already taken by capitalist countries. Hence we have a need to learn from the experiences of capitalist countries. Beginning from now, it is imperative to make full use of various advantageous conditions to develop our economic advantages with high- and new-technology industries as the guide, and to turn old industrial bases into industrial bases of new technologies so that they may become the pillar of the development of high and new technologies in China.

Comrade Shen Yue's fact-finding report and the basic experiences set down in the book "Tremendous Changes in Anshan Iron and Steel Corporation" are of universal significance to China's old enterprises in the context of how to realize modernization. Their have great applied value, especially for the old large-type enterprises in Liaoning and the northeast, mostly founded in the First or Second 5-Year Plan. Comrade Shen Yue and the leading comrades of Anshan Iron and Steel Corporation have set forth several eye-catching important concepts derived from their long-standing practice and understanding arrived at through practice on the basis of their penetrating observation and analysis of various factors of the changes undergone by the corporation. Such concepts give much food for thought, whether to leading comrades in charge of economic work or to comrades engaged in theoretical research or to entrepreneurs. Study of these experiences will be helpful to old and large-type enterprises in conducting technological reform, improving economic results, realizing modernization, and entering the world market through reform and opening up to the outside world.

Anshan Iron, Steel Works Highly Commended*HK2911050389 Beijing RENMIN RIBAO in Chinese
24 Nov 89 p 2*

[Report: "Tremendous Changes in Anshan Iron and Steel Works Over the Past Decade"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, tremendous changes have taken place in the Anshan Iron and Steel Works [AISW] as a result of workers conscientiously implementing the "one center, two basic points" of the central authorities and the policy of reform and opening up.

From 1978 to 1988, AISW produced a total of 71.62 million tons of steel, accounting for 39.3 percent of total production in the 39 years since founding the PRC. Some 14.697 billion yuan in profits and taxes have been turned over to the state. This is approximately three times the total investment cost of establishing the AISW. In the 1950's, the people in charge of the AISW had thought of increasing steel output to 8 million tons to 10 million tons but they did not have the right conditions, so it could not come true. After several dozen years' work, and particularly as a result of the tremendous force brought into play in the 10 years since the reform and opening up formulated by the 3d Plenary Session of the 11 CPC Central Committee, steel production finally reached 8 million tons in 1988, and the profits and taxes turned over to the state were over 2.4 billion yuan. This represented an annual increase of 10 percent for 5 consecutive years. At present, the old plant in the AISW is undergoing a systematic technical transformation and glowing with youthful vitality. The new plant, which is expected to produce 10 million tons of steel, is now under construction. It is expected that steel output will reach 10 million tons in 1990 and 15 million tons by the end of this century. By that time, steel supply will be self-sufficient, and profits and taxes are expected to have reached 8.3 billion yuan. By the end of this century, the AISW will still be the largest iron and steel complex.

The experiences that the AISW has gained as a result of its tremendous changes over the past 10 years are precious. The major ones are:

1. The contracted responsibility system has been practiced during the reform. The AISW has not sought quick economic returns, as have some enterprises, but has taken into account the country's interests and the company's long-term development and worked out a long-term objective extending till the year 2000. With its present foundation, it aims at the future and is advancing steadily. It is carrying out a step-by-step systematic transformation.

2. Although it has imported foreign capital and advanced equipment during the reform, it still insists mainly on self-reliance for its development and carries forward the spirit of arduous struggle. For example, in its technical transformation and capital construction it depends mainly on its own capital and does not rely on state

capital. Still less does it need loans from overseas. It makes every effort to use home-made equipment, some of which is locally transformed old equipment whose major parts are fitted with foreign advanced instruments, meters, or testing installations, so that production efficiency has been greatly improved. People from AISW said: "We will carry forward the spirit of self-reliance and arduous struggle and achieve our own modernization program. This experience is especially important during the improvement and rectification and as the reform deepens."

3. During the construction and reform and opening up, they insisted on attaching equal importance to the two civilizations. While sticking to spiritual civilization, they will not slacken ideological work but will strengthen it. At the beginning of the 1950's, Chairman Mao pointed out: "The AISW will not only turn out products but also experiences, technology, and qualified personnel." Since it began implementing the factory director responsibility system, the party and the government have worked side by side, and the party's leadership and ideological work have not slackened, and the ideological work has been regarded as its focal duty. The party, government, trade unions, and youth leagues work closely together, and the administrative cadres are directly responsible for ideological work. With manager Li Huazhong taking the lead, everyone in the company has proved to be a good model. Recently, they decided to hire an assistant manager who will mainly be responsible for ideological and political work and setting up departments for the same purpose. The party committee has restored some functional organs which had previously been dissolved. As their ideological and political work has penetrated into the economic work and various other undertakings, the AISW has trained 200,000 workers and staff in the spirit of enterprise, namely, "bringing forth new ideas, being realistic, trying hard, and sacrificing themselves." Since 1987, the AISW has been commended as one of the leading units in which ideological and political work has been successfully achieved. Through assessment and examination the AISW has been named one of the First Grade enterprises by the state.

Minister Promises To Emphasize Transportation*HK1112140289 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 11 Dec 89 p 4*

[By our staff reporter Chen Weihua]

[Text] Communications Minister Qian Yongchang has promised that the central government will give priority to investment in the expansion of the transportation industry, long considered a bottleneck sector of China's economic growth.

The Minister predicted that the priority will last at least 10 years.

Speaking at the on-going international shipping and shipbuilding conference in Shanghai, Qian said his ministry is working on a plan to expand and build harbours and station hubs as well as main frame works for road and ocean traffic.

Construction and renovation of harbours will be sped up to improve movement of energy and raw materials as well as import and export commodities, Qian said.

Construction on 250 berths, including 160 deep-water docks, is expected to be completed before 1995.

These new berths will mean a combined additional harbour handling capacity of 250 million tons a year.

Qian said his ministry plans to expand its fleet carrying foreign trade cargo. Some new container ships, bulk carriers and specialized ships will join the fleet as China's foreign trade volume is expected to increase by 9 to 10 percent a year during the next decade.

Good highways linking the main industrial cities with communications hubs and foreign trade harbours are also being planned, Qian said.

Resources and services on inland rivers such as the Yangtze, Pearl and Heilongjiang river systems will be studied and improved, including storage, leading and unloading facilities, he said.

The Minister said he also expects to explore more co-operation with shipping organizations around the world.

China so far has joined 11 international organizations and 30 international treaties relating to the ocean shipping industry.

The shipping and shipbuilding conference was co-organized by the Seatrade Group of Britain, the Cahners Exposition Group of the United States and the Shanghai Society of Naval Architecture and Marine Engineering.

More than 100 foreign business representatives and experts from about 20 countries are attending the conference and exhibition.

Roundup Views Rural Industry Development

OW1612102089 Beijing XINHUA in English
0803 GMT 16 Dec 89

["Roundup: Rural Industry Develops Under Readjustment"—XINHUA headline]

[Text] Beijing, December 16 (XINHUA)—China's 18 million rural industries have been developing steadily in spite of a shortage of loan money and raw materials and a depressed market.

Figures supplied by the Ministry of Agriculture show that the value of their production is expected to reach 720 billion yuan, an increase of 10 percent over last

year's figure, although much less than the increase rate of 30 percent in the past few years.

"It is a good sign," say experts from the Rural Policy Research Center of the State Council. "It implies that the excess growth rate has been curbed while the industrial structure has been adjusted and the standard of technology and management has been improved."

In the past nine months, the ministry figures show, the output value, tax revenue and profit rate of these enterprises have risen simultaneously. Tax revenue rose by 31 percent and profit by 20.5 percent over the figures for the same period last year.

However, an official from the ministry said, many such enterprises are still plagued by a serious shortage of loan money and raw materials, and some of their customers owe them money for their products but cannot pay it because of the state readjustment or austerity program.

Rural enterprises in some provinces and municipalities, such as the outskirts of Beijing, Tianjin and Shanghai, are doing better than others. In Jiangsu and Zhejiang, both of which are major provinces for rural industrial development, the rate of growth has slowed.

He Kang, the minister of Agriculture, said about three million rural businesses have been closed this year for wasting energy and raw materials, for inefficiency and for creating pollution. Eight million of their workers have gone back to farming.

Most of these closed enterprises, he said, are involved in steel processing, textiles, electroplating and winemaking. The building industry is the worst hit because of the strict government control of capital construction. The workers going back to farming from the building industry account for 38 percent of the total.

Two or three years ago, the development of rural enterprises was not monitored. Many businesses started operation without capable management, technical staff and market research, resulting in repetitious construction and poor quality products that were unsaleable. Some were using obsolete facilities, wasting energy and raw materials and polluting the environment. Others were unsafe.

But at present China cannot do without rural enterprises. Official estimates say they have provided jobs for half of the rural surplus labor force with only 0.1 hectares of arable land per head. Twenty-five percent of the increase in the income of Chinese farmers and 58.2 percent of the taxes paid by farmers come from the enterprises.

The fact that 80 percent of the population live in rural areas is more reason to support the development of such enterprises. The workers in the rural industries work in industry and on farms at the same time. This arrangement has prevented a large number of unemployed rural laborers from crowding into the cities and causing social and economic problems.

Rural industry pumped a total of 68.4 billion yuan into rural development in the past decade and 16.3 billion yuan into farm production, which is the equivalent of 35.4 percent of the total spent by the central government. This has helped China to feed its large population when the central government lacks enough money to spend on agriculture.

Experts say rural industry has become an important sector of the country's economy. About 27 percent of China's industrial production communal enterprises and exports produced by rural industry were worth eight billion U.S. dollars last year, making up 16.9 percent of the country's total. Rural businesses alone produce about half of the garments China sells abroad.

Therefore, the Chinese Government is adjusting and improving rural industry to keep it in line with the economic readjustment program, to encourage its export-orientation, joint management with large factories, or involvement in the processing of farm products and the tapping of raw materials.

Fifteen percent of the existing rural businesses are associated with large state-run enterprises, 15 percent are engaged in the energy and raw materials industry, 35 percent of them produce materials for farm use, such as farm machinery and chemical fertilizer, and another 35 percent produce daily necessities for rural and urban dwellers.

Despite the difficulties facing these enterprises, experts forecast that their production will continue to rise by 10 percent next year. The government has issued a series of policies to support them if they accord with the readjustment program.

More Rural Enterprises Shut Down

*HK1912085789 Beijing CEI Database in English
18 Dec 89*

[Text] Beijing (CEI)—Over three million rural enterprises in China have been shut down, merged or switched to other production lines, sending 8 million employees back to farm work.

According to Agricultural Minister He Kang here recently, another million rural enterprises with over 5 million employees are facing bankruptcy in the course of the present state policy of adjusting industrial structure.

It is learnt that China now has a total of 13 million employees of rural enterprises facing re-employment or unemployment.

In the past few years, about 7 million to 8 million peasants left their farmland to seek jobs in mushrooming rural enterprises every year.

Peasants Call for Stable Rural Policies

*HK1812051389 Beijing RENMIN RIBAO in Chinese
4 Dec 89 p 2*

[Article by Yu Guoyao (0151 0948 5069) and Huang Shouhong (7806 1343 1347): "Stabilizing Fundamental Rural Policies Is in Keeping With the Aspirations of the Masses—Report on a Rural Survey Conducted in Some Parts of Jiangsu and Anhui"]

[Text] Some time ago we went to Anhui's Chuxian Prefecture and Jiangsu's Huaiyin City to conduct investigations. There we found several problems of a universal nature that call for urgent solutions.

The Peasants Are Afraid of "Change"

While conducting an investigation in Fengyang County's Xiaogang Village, Anhui Province, which was the first to institute the all-round contract system, we found that the peasants were generally afraid of policy changes. A woman excitedly said: "I have been perturbed since summer, fearful that we will have to turn back after leading a good life for only a few years." Village Director Yan Junchang said: "All the peasants are afraid that the previous practice will be reinstituted. Because we were the first to institute the all-round contract system, many people from the surrounding villages have come here to inquire whether we shall have to return to the big collective again." There are historical reasons why the peasants in Xiaogang are afraid of policy changes. Before the 3d Plenary Session of the 11th CPC Central Committee, every household in the village was very poor and Xiaogang was noted far and wide as a village of beggars. In 1979, 18 peasant households in the village ventured to institute the all-round contract system. In the past 10 years, the all-round contracted responsibility system has manifested its mighty force, raising Xiaogang's grain output from over 20,000 kg in 1978 to over 200,000 kg (with 100,000 kg sold to the state) in 1988 and the per capita annual net income from 22 yuan to over 600 yuan. A comparison between the past and the present has made the peasants in Fengyang firmly believe in the all-round contract system; but the impoverished life of the past was so painful that they have a special dread of the old structure and are especially sensitive to subtle changes in policies.

Private Entrepreneurs and Self-Employed Households in the Rural Areas Are Becoming Increasingly Worried

Recently, newspapers and radio broadcasts have given great publicity to the various illegal activities and conduct of self-employed households and private entrepreneurs. This has evoked a strong reaction among private entrepreneurs and self-employed households in the rural areas. They say that 2 years ago, the country party committee secretary and county magistrate personally pinned red flowers on their chests, saying that they were pioneers in developing the rural commodity economy.

But now it is alleged that "there exists an exploitation relationship in private enterprises," which weighs heavily on them.

Fengyang County's Huangwan Township abounds in reeds. The people have traditionally woven reed mats. Due to the lack of unimpeded sales channels, its resources advantage could not be turned into one of commodities. Starting in 1980, a peasant called Chen Xin set up a business for the transport and sale of reed mats. He purchased the mats from neighboring villages. Consequently, Huangwan Township, where Chen lived, as well as the neighboring Huiji Township, began to specialize in weaving mats. According to incomplete statistics, the per capita income from mat weaving alone in the two townships increased by over 100 yuan in 1985. Chen himself also became prosperous. Although he was well off, he did not forget the collectives. He donated a large sum of money for rural welfare undertakings and helped peasants in difficulty. Beginning in 1988, Chen employed people to open up over 1,000 mu of flooded land, from which he reaped over 100,000 kg of grain that year. He is expected to reap 600,000 kg of grain next year. Recently, Chen dismissed his employees. A young man from Luan Prefecture (an impoverished prefecture), who had worked in the Chen family for 3 years, eating and living with his children, has succeeded in saving over 3,000 yuan. He was unwilling to go and wept and wailed when he was dismissed. Chen Xinghan said that he was unable to understand some of the present policies and newspaper publicity, saying: "There are indeed some self-employed households and private entrepreneurs who are ideologically backward and violate the law, but not all people are like this. If I had hankered after pleasure and cared only about myself, I would not have engaged in agricultural development. I would have put the money in the bank and lived off of the interest. I am from a poor family. Seeing that the state does not have sufficient grain and that the peasants around are not well-off, I want to help people to get rich. Given the present conditions, if I go ahead, I feel unsure but, if I quit, I will not be able to resign myself to it."

After becoming rich, Chen Tongyin, director of the Yanghe's Jiulong Winery in Siyang County, Jiangsu Province, repaired two roads for his village, totaling over 5 kilometers in length. He also undertook to pay for village welfare undertakings for 2 years running. He said: "Now I am afraid of two things: The first is policy changes, and the second is the envy of the masses. The key lies in policies. Provided that the policies do not change, the masses will not boo and hoot. Now while observing the policies, I cover my pockets with both hands. If the policies do not change, I will expand my operational scale and, if the policies change, I will reduce my operations."

Some Grass-Roots Cadres Are in a Dilemma

Over the past 10 years, Chuxian Prefecture, which also includes Fengyang County, has persisted in proceeding from reality in stabilizing and perfecting the contracted

responsibility system with payment linked to output, which is based on the all-round contract system. This has aroused and protected the production enthusiasm of the peasants. Moreover, it has also vigorously engaged in farmland capital construction and perfecting the socialized service system of agriculture so that its grain output has increased year by year, the peasants' income has increased steadily, and industry and agriculture has developed in a coordinated way. Now that the higher authorities are calling for the development of the rural collective economy, the cadres in counties and townships want to identify themselves with the central authorities but are at a loss as to what to do. Some cadres have adopted measures in the name of strengthening the collective economy, but this has made the peasants uneasy and dissatisfied. The principal responsible comrades accompanying us on our investigation also attach great importance to these problems. In addition to studying and handling the relevant problems, which is necessary, they also deem it necessary to give great publicity to the spirit of the Fifth Plenary Session that the fundamental rural policies will remain unchanged, in order to remove the peasants' misgivings and set their minds at ease. After holding indepth conversations with cadres from the prefecture, counties, districts, and townships, we discovered that they were afraid that the central policies would return to and tilt toward the previous "leftist" direction. In their practical actions, however, they often made such a tilt, holding that in doing so they have identified themselves with the central authorities. This contradiction between ideas and action, which is a reflection of the sequelae of the previous political movements, merits attention.

Our Proposals

1. In light of the peasants' fear of change, we should take advantage of the winter slack season to vigorously step up publicity, explanation, and education in the rural policies, in order to reassure the public, stabilize the rural areas, and stimulate production.
2. It is necessary to affirm the positive role of the rural self-employed households and private enterprises, which engage in developmental production, in promoting the development of the rural commodity economy, increasing rural employment, and bringing along the peasants to become prosperous, and to encourage their continued development. It should be noted that most of them have become prosperous through legitimate operations and honest labor since the 3d Plenary Session of the 11th CPC Central Committee, following the development of the rural reform and economy and with the encouragement of the party's policy of "allowing some people to become prosperous ahead of others." After becoming prosperous, instead of indulging in pleasure, they still work with great vigor, regarding their economic activities as an undertaking, and entertaining a high sense of social responsibility. Therefore, these people should be respected and taken care of by the local people and party and government cadres. Moreover, supporting a specialized household, self-employed household, or a

private enterprise engaging in agricultural development in the rural areas is tantamount to supporting a large number of peasants; destroying one of them is like dealing a blow at a large number of peasants. Efforts should be made to create public opinion favorable to their development. Naturally, we should also energetically guide them and strengthen management over them.

3. The specific meaning of and the principles and methods for developing the collective economy should be well-defined. Otherwise, it is liable to return to the old structure. We should stop some grass-roots cadres from infringing upon the interests of the peasants in the name of developing the collective economy. To reassure the public, it should be continuously made clear that the various forms of the contracted responsibility system with payment linked to output, which is based on household operations, is a component part of the collective economy.

4. After the peasants fulfill the state grain purchase quotas and sell grain to the state at negotiated prices, the grain market should be opened as soon as possible. The tendency of swelling departmental interest endangering the overall situation should be curbed. Otherwise, we are liable to follow the same old disastrous road of 1988, thus dampening again the peasants' production enthusiasm, which we have aroused with great difficulty.

Agricultural Development Measures Proposed

OW1712132289 Beijing XINHUA Domestic Service
in Chinese 1313 GMT 11 Dec 89

[Excerpts] Beijing, 11 Dec (XINHUA)—The journal "ZHONGGUO CHENG XIANG KAIFA BAO" [CHINA URBAN AND RURAL DEVELOPMENT] published today frontpages a report by its reporter Zeng Yang: "Make Concerted Efforts With One Mind To Develop Agriculture—Comments on Agriculture by Responsible Persons of Seven Ministries and Commissions of the State Council."

According to the report, the decision made at the 5th Plenary Session of the 13th CPC Central Committee to quickly bring about a high tide throughout the party and the country of paying great attention to agriculture and supporting and developing agriculture has evoked strong repercussion from various ministries and commissions of the State Council. In early December this reporter interviewed responsible persons of seven ministries and commissions of the State Council. They all proposed special measures for agricultural development.

'Questions Must Be Considered in The Order of Priorities of Agriculture, Light Industry, and Heavy Industry'

Liu Zhongyi, vice minister of the State Planning Commission, said: In recent years, not much progress has been made in developing agricultural production, and there is a lack of sufficient capacity for sustained agricultural development. If we analyze the problem, we will

see that there are many reasons for this, including both subjective and objective reasons. In the final analysis, however, the problem is attributable to the lack of all-round consideration and overall planning. To achieve a coordinated, healthy, sustained, and stable development of agriculture, we must make overall planning in coordination with the work in other fields. In the future, it is imperative to uphold the guiding principle of "taking agriculture as the foundation" when making macro policy decisions and to consider questions in the order of priorities of agriculture, light industry, and heavy industry when formulating plans. While ensuring the normal operations and steady development of regular agriculture, the state will strive to beef up the work on developmental [kai fa xing 7030 4099 1840] agriculture and make positive efforts to support the construction of agricultural bases in central and western regions as well as old revolutionary base areas, minority-inhabited areas, frontier areas, and poverty-stricken areas where potentials for development exist and where it is possible to increase the production of such staple farm produce as grain, cotton, oil- and sugar-bearing crops.

'All Science and Technology Workers Nationwide Should Be Mobilized To Work for Agricultural Development'

Guo Shuyan, vice minister of the State Science and Technology Commission, said: We will mobilize science and technological workers across the country to launch a high tide in paying attention to agriculture and in studying and spreading agriculture science and technology to serve the needs of agriculture development. [passage omitted]

'The State Will Increase the Appropriation of Funds for Agriculture as Much as Possible'

Xiang Huaicheng, vice minister of finance, said: In the next few years, the state financial department will take various measures based on its financial condition to increase input into agriculture as much as possible. In the future, the financial department will gear up the tracing of agricultural funds and the feedback of information on the use of these funds so as to check if they are put to proper use as intended. With regard to budgetary agricultural funds, the financial department should not only take the responsibility to approve the budget and final account, allocate the funds, and help the departments concerned to strengthen financial management and examine the use of the funds. Furthermore, it should also administer the extra-budgetary funds spent for agriculture and do well in guiding and coordinating the use of such funds. In the future, agricultural funds should be allocated in such a way as to create effective results. Some funds may serve as an interest-bearing loan so that they can be revolved and used over and over again. The purpose is to increase the dynamic force and vitality of the funds put into agriculture.

'Water Conservancy Work Should Serve Agriculture'

Yang Zhenhuai, minister of water resources, said: "Irrigation is the lifeblood of agriculture." Construction of water conservancy facilities is not only the prerequisite for the development of agricultural production but also an important measure to ensure the capacity for sustained agricultural development. To stabilize and develop agricultural production, the emphasis of water conservancy work should be placed on eliminating inundation, making good use of water resources, preventing floods, developing irrigation, and building fields with guaranteed high and stable yield regardless of drought and water logging.

'Forestry Work Should Provide A Good Ecological Environment so as to Increase the Capacity for Sustained Agricultural Development'

Gao Dezhan, minister of forestry, said: Good forestry work is a major condition for improving and stabilizing the ecological environment for agricultural development, ensuring stable and high agricultural production, guaranteeing the effective use of water conservancy facilities, and increasing the capacity for sustained agricultural development. The emphasis of forestry work should be put on building shelterbelts. The main tasks in this regard are building shelter forests for farmland, forests for production of water sources, forests for soil and water conservation, sand-fixation forests, and shelter forests for grazing land. [passage omitted]

'We Should Not Only Guarantee the Supply of Materials for Agricultural Use, but Increase It as Much as Possible'

Cai Ninglin, vice minister of materials, said: Next year, while there will be a reduction of materials to be distributed by the state, we should not only guarantee the supply of materials for agricultural use, but should increase such supply as much as possible. [passage omitted]

Next year, in the distribution of materials to meet contingent requirements, more consideration should be given to the needs of agriculture.

'Down-to-Earth Work Is Needed To Develop Agriculture'

In view of the rising tide in agricultural development, He Kang, minister of agriculture, told the reporter: The party Central Committee has said that we should concentrate our efforts on developing agriculture. This gives the agricultural department a great inspiration. With the support of all professions and trades, we will do down-to-earth work so as to make still greater progress in developing agricultural production next year.

The task of agricultural production will be very arduous next year. We will seriously deal with the difficulties, pluck up, and take advantage of the present situation which is very favorable to agriculture to win next year's battle. We will dispatch a large number of cadres from

armed forces units, government organs, and their direct subordinate units to the frontline of agriculture. The job of these cadres is to publicize the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and study and solve the problems encountered in agricultural production. We will see to it that our output of grain, cotton, and cooking oil will go up through our efforts to raise the yield per unit area, strengthen management, and enlarge the acreage planted to grain, cotton, and oil-bearing crops.

Article Discusses Protecting Farmland Quality

*HK1212084389 Beijing RENMIN RIBAO in Chinese
29 Nov 89 p 5*

[Article by Hou Xueyu (0186 1331 3558): "How to Protect Farmland in Quantity and Quality"]

[Text] According to statistics of the Ministry of Agriculture, between 1979 and 1987, the country witnessed a total reduction of 52.51 million mu of cultivable land. In the 2 years of 1985 and 1986 alone, there was a reduction of 24 million mu, which is equivalent to the cultivable area of 36 medium-sized counties. Meanwhile, sewage from industry and from town and township industries has also polluted quite a large area of cultivable land. The population is increasing, while the cultivable area is shrinking. This is a problem that must be seriously remedied.

How Should We Protect the Size of Cultivable Land

We must strictly ban encroachment upon cultivable land. At present, serious land wastage is involved in the running of factories and the operation of town and township enterprises. In many areas, land is requisitioned in a volume larger than is actually used; or land is requisitioned without being put to use. When peasants build new housing, why must fertile farmland be occupied? Why is not building confined to idle land or slopes? At present, some provinces have blindly built expressways or widened road surfaces. Whether this is in line with national conditions is a problem worth pondering. The peasants in some areas have not used natural waters for fish breeding and have instead dug fish ponds out of fine land. As I made a survey of Wuxi, Jiangsu, in 1985, people reported that 50,000 mu of paddy fields that year had given way to fish ponds. Also, open mines were dug out, with the earth not returned to normal. Everywhere, the clay of farmland was used for making bricks, tiles, and so forth. All this encroached upon the area of cultivable land.

In building reservoirs, we must do more scientific research as to possibilities. Since liberation, the country has built numerous large, medium-sized, and small reservoirs. This is entirely necessary, as far as electricity production and irrigation are concerned. But in some cases, things have been done in a blind manner. For example, in Linyi Prefecture, Shandong, more than 1,000 large, medium-sized, and small reservoirs were

built during the "great leap forward." A large-sized reservoir among them resulted in 100,000 mu of fine land being inundated. It proved capable of only irrigating 60,000 mu of farmland after 30 years of being equipped. The income from power production was also not enough to cover the expenses of the power station. This is a typical case. Similar conditions also exist in some other areas.

We must control soil erosion. In recent years, due to random felling of trees and the reclamation of land from slopes, the functions of forests in preserving water sources, reducing and containing flood water and regulating the water flow, has been lost, causing the extraordinarily serious flood disaster in Sichuan in 1981. In the same year, Dujiang Yan, which had for hundreds of years provided adequate water for the plains of Western Sichuan, also witnessed a water shortage during the dry period. The Wujiangdu Hydroelectric Station of Guizhou, one of the main power stations in the southwest, had operated for only 9 years, but with an accumulation of silt equivalent to that of likely 100 years, as based on a plan. This posed a threat to the life of the reservoir. Soil erosion in the whole basin of Chang Jiang now accounts for one-third of the total area. The annual loss of soil is 2.24 billion tons, equivalent to an annual loss of 8.3 million mu of cultivable land 30 centimeters thick. Due to such factors as forest and grass destruction, reclamation, firewood-related tree felling, excessive pasturing, and so forth, soil erosion on the Loess Plateau in the northwest has accounted for 80 percent of the total area of the basin. Each cubic meter of Huanghe water contains more than 37 kilograms of sand, causing seven large-sized Huanghe reservoirs to already silt up to 40 percent of their capacity, and up to 75 percent in the most serious cases. Now the whole basin has about one-third of its reservoirs written off as useless projects. To control the loss of water and soil, we must strictly ban reclamation work on the slopes in the upper reaches of rivers and preserve natural vegetation, providing necessary remedial measures.

We must prevent cultivable land from being invaded by sand. Within the Taklimakan Desert of South Xinjiang in the desert area in the northwest, there is a patch of shifting sand dunes, with originally hong-liu-bao [4767 2692 0545] and bai-ci-bao [4101 0459 0545] growing at the edge. These fixed "sand bags" represented the first barrier protecting the oasis. But in those years of the "great leap forward," under the slogan of "getting rid of all hong-liu-bao of 1,000 years to wake up the vast land," the "sand bags" were reclaimed as farmland. As a result, shifting sand formed. On shifting sand, crops could not be grown. Farmland was instead buried in sand, forcing peasant households to move away. The Junggar Basin of North Xinjiang was originally dotted with fixed and semi-fixed sand dunes overthrown with bai-suo-suo [4101 2747 2747] and suo-suo-chai [2747 2747 2693]. Vegetation on fixed sand dunes was cut off as firewood, causing newly built green fields and villages to be covered up by sand. Windstorms in spring caused the death

of a large number of animals. Due to random reclamation, excessive pasturing, and a rapacious hunt for medicinal herbs, semi-dry grasslands were affected by encroaching sand. To prevent land from being submerged with sand, apart from preserving vegetation, we must also build farmland protection networks made up of trees or green belts grown at ditches in irrigated areas. Southeastern coastal area suffer from the effects of windstorms and typhoons every year, with farmland, offshore breeding grounds, reservoirs, and communications facilities destroyed. In the pre-Qing period, Pingtan County of Fujian once witnessed a serious disaster in which "18 villages were buried under sand overnight." Therefore, the south should step up the building of coastal shelter belts to form a real "green wall." This is a matter calling for immediate attention.

We must prevent the secondary salinization of cultivable land. The oasis soil in the northeastern plains, the Huanghe-Huaihe-Haihe Plains, and the northwestern dry areas are suffering from secondary salinization, to different degrees. Many low-yield fields arise from secondary soil salinization. Of 47 million mu of cultivable land in Xinjiang, 30 percent has been affected with salinization. The affected area is still continuously widening. The situation is most serious in south Xinjiang. Due to the irrational building of many reservoirs in the plains of south Xinjiang, the high amount of salt originally contained in low-lying land rises with the underground water level to reach the surface earth through the capillary effect, causing the secondary salinization of 70 percent of the cultivable area. Also, due to farmland being allowed to lie fallow in an unplanned manner, the exposure of the surface earth stimulates its reverting to salinity. In controlling secondary saline soil, the important thing is that we cannot apply too much water in irrigation. Watering must be accompanied with draining. Moreover, we must in a planned manner get rid of or quicken the transformation of some flatland reservoirs in the northwest that have harmful effects.

How Should We Protect the Quality of Cultivable land?

We must prevent pollution caused by the industry and especially by town and township industries. At present, industries, especially town and township ones, cause very serious pollution to cultivable land. In 1986, I took a look at a village of Changyi County, Shandong Province. The village lies near the shore of Yuhe. Due to polluted water from factories in Weifang City, from printing and dyeing, from electroplating and leather industries, and from small paper mills of a county's towns and townships firms draining into Yuhe, coupled with industrial residues and garbage accumulating in the river, or waste materials washed into the river by rains, the limpid Yuhe of the 1970's has now turned into a pit of dirty water. This village in the 1970's was the well-known "land of fish and rice" in Shandong. Now, due to the contamination of Yuhe and cultivable land by sewage, fish and shrimps have disappeared. Even lotus roots cannot be grown. In growing grain, we can only sink a well 30-40 meters deep to water the farmland. But

well water is also polluted. The grain produced has a saline taste. The seriousness of the country's untreated industrial sewage polluting cultivable land is universal.

We must convert small native mines into modernized mining industries. The south of Sichuan Province has taken up the production of sulphur in an indigenous manner. For an average output of every ton of sulphur, there is a discharge of one ton of sulphur into the atmospheric layer. Not only is a waste of mineral resources involved, but harm is caused to health. Moreover, with large amounts of highly concentrated sulfides discharged into the atmosphere, vegetation in the neighborhood is ruined, with not a blade of grass growing. What is cultivable land has become unsuited for growing crops. The tung oil trees in a certain county of the province with an original yield of 500 tons have basically died from the effects of sulphur pollution. Polluted water and waste oil discharged by 13 graphite mines in Dianzi Village and Nanwan Village of Xinghe County, Inner Mongolia, contained harmful compounds like aluminum dioxide, yellow and dark stinking oil, and so forth, polluting more than 10,000 mu of farmland in the neighborhood. Most of the cultivable land was polluted by oil, with the growing of spring seedlings rendered impossible and with the loss of cultivability threatened. Grain produced from the above polluted farmland naturally has a harmful effect on health through the food chain.

We must correctly approach the problem of agriculture being "chemicalized." At present, various quarters have stressed agricultural input as a correct move. But if input is just confined to chemical fertilizers, insecticides, and plastic covering for earth, this is not enough. Chemical fertilizers are, of course, necessary. But the neglect of organic fertilizers will cause a lack of complete nutrition and organic matter in farm crops, making for hard slab fields, with fertility of the soil weakening and insect pests increasing. The fertility of chemical fertilizers will become increasingly low. The improper use of chemical nitrogen fertilizer is also likely to yield cancer-inducing nitrites and the like. Highly effective insecticides with little poison are naturally indispensable. But the natural enemies of insect pests should be protected, with an emphasis on biological control. At present, the universal introduction of plastic covering for farmland throughout the country represents a new technique to stimulate agricultural development. But given the long-term use of plastic coating to cover up farmland, the increasing accumulation of residues in the soil will not only directly affect the growth of crops but also cause pollution. We must take effective measures to encourage the retrieval of odds and ends of plastic covering left over in the farmland.

In sum, land is the target of the means of production and labor. Human existence and development are inseparable from land. Cultivable land is the most important component of land resources. Most of the calories and proteins consumed by mankind come directly or indirectly from self-cultivated land. The quantity and quality

of a country's per capita share of cultivable land represent the most fundamental material condition for that country's existence and development. A large population and scarcity of land—this is the fundamental national condition of our country. The inadequacy of cultivable land has become or will become an important factor restraining our social development. Cultivable land has become one of the rarest resources in our country. Therefore, in our modernization effort, we must pay great attention to the matter and realistically protect the quantity and quality of cultivable land in a proper manner.

New Kinds of Farm Contracts Emerge

HK1612013589 Beijing CHINA DAILY in English
16 Dec 89 p 3

[By staff reporter Wang Dongtai]

[Text] The responsibility system in China's countryside, which has been in effect for 10 years, is being challenged by new forms of farming. What is the trend for future development? Farmers in Fangshan County under Beijing Municipality told their stories.

There are three kinds of contracts in Fangshan, the area's deputy head Zhao Zhenlong said on Tuesday when a group of agriculture experts from various countries visited the area.

Under one kind of contract, one farmer is responsible for a comparatively large piece of land.

For example, Gao Shu, a 43-year-old farmer in the village of Zhuangtuo, is responsible for 16 hectares of farmland. He grows wheat, corn, watermelon and Chinese cabbage. He employs 12 workers and pays each of them 150 yuan per month plus accommodations.

This year, his total profit reached 40,000 yuan, Gao said. The output per hectare was 4,095 kilograms of wheat and 4,500 kilograms of corn. In the whole area, there are only about 20 farmers like Gao who contract a large piece of land.

In Doudian, there is no contracting of land to individuals. Instead, the whole farming process has been mechanized and therefore more than 90 percent of the residents now work in the village's 28 rural enterprises. The village has a population of 4,232, but only 128 people work on the 342 hectares of farmland. The highest income per year for one farmer was 5,000 yuan. Those who engage in farming or poultry raising earn an average of 4,000 yuan per year. And workers in rural enterprises earn from 1,000 to 3,000 yuan.

Farmers in Doudian, who used to get up at 3 am to cut wheat with sickles during the month of harvesting and require the help of thousands of soldiers and students, are now liberated from that labour. Now the total process of harvesting wheat is done by machines in seven days.

The output of wheat per hectare reached 6,165 kilograms this year. Zhao, the area's deputy head, said mechanization on large pieces of land should be an example for future development because the output per hectare is high. Large pieces of land are also convenient for the use of fine seeds and new technology, he said.

But the labour force engaged in farming has to be transferred to other kinds of employment.

At present, 60 percent of the farmers still work under the family contract system.

In 1983, most of the farmland in the area was divided into small pieces and contracted to farmers in the area. Farmers soon found that the spraying network for watering farmland had to be abandoned because the network has to be used on a large scale.

At the end of 1986, a new contract form was adopted. In Lizhuang Village for example, each person contracted 0.6 mu (one hectare equals 15 mu) of land to grow grain for personal consumption.

The rest of the land was contracted to 120 households with the output to be sold to the State.

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